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FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

Annex

East Asia

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ANNEX

FBIS-EAS-92-172-A CONTENTS *3 September 1992*

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ANNEX

Japan

Watanabe Views Territorial Issue on Russia Visit ..... 1 — II
Hopes To 'Break Deadlock' *[MAINICHI SHIMBUN 31 Aug]* ..... 1 — II
Insists on Sovereignty Over Islands *[NIHON KEIZAI SHIMBUN 2 Sep]* ..... 1 — II
Yeltsin's Spokesman Comments *[SANKEI SHIMBUN 31 Aug]* ..... 2 — III
Yeltsin Faces 'Political Decision' *[NIHON KEIZAI SHIMBUN 2 Sep]* ..... 3 — IV
Foreign Ministry Views Soviet Uranium Disposal *[NIHON KEIZAI SHIMBUN 3 Aug]* ..... 3 — IV
More Alleged Sagawa Political Donations Reported ..... 4 — V
Okuda Reportedly Received Funds *[MAINICHI SHIMBUN 1 Sep]* ..... 4 — V
Resignations Follow Scandal *[MAINICHI SHIMBUN 2 Sep]* ..... 4 — V
Editorial Urges Thorough Probe *[NIHON KEIZAI SHIMBUN 2 Sep]* ..... 5 — VI
Outook for Financial Reform Remains Unclear
[NIHON KEIZAI SHIMBUN 25-27, 30 Jun; 2, 3 Jul] ..... 6 — VII

Mongolia

ADB Official Conditions Future Financial Aid *[MONTSAME to BAKHTAR]* ..... 14 — 38
Latest Foreign Trade Figures Reported *[MONTSAME to BAKHTAR]* ..... 14 — 38
Committee on Poverty, Unemployment Established *[MONTSAME to BAKHTAR]* ..... 14 — 38
MONTSAME Publishes Press Reviews ..... 14 — 38
1 Sep ..... 14 — 38
2 Sep ..... 15 — 39

Japan

Watanabe Views Territorial Issue on Russia Visit

Hopes To 'Break Deadlock'

OW0109143192 Tokyo MAINICHI SHIMBUN in Japanese 31 Aug 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[By correspondent Tatsuo Nanai]

[Text] Moscow, 30 August—Michio Watanabe, deputy prime minister and foreign minister, is currently visiting Russia to break the deadlock in negotiations for the return of the northern territories. He is scheduled to confer with Russian President Boris Yeltsin on 2 September. Considering success or failure of the Japanese-Russo summit talks in September to depend on the outcome of the Watanabe-Yeltsin meeting—a crucial point of talks for the return of the northern territories—the Japanese Government hopes to win as much as possible Russia's understanding of Japan's assertion that Russia should recognize Japanese sovereignty over the four northern islands. Many believe that President Yeltsin will make a final decision on the territorial issue immediately before the summit talks, however. For this reason, the government has currently been making an all-out effort to make out and analyze President Yeltsin's real intention through such occasions as working-level meetings with the Russian Foreign Ministry. On 28 August, just before his trip to Russia, Foreign Minister Watanabe called on Prime Minister Kiichi Miyazawa at his official residence to confirm policies for the northern territorial issue. (According to Watanabe,) they discussed issues concerning "what kind of pledges Japan should make, on what occasions, and with what policies" while assuming various cases. It is said that they reached an agreement on policies for the territorial issue.

The policies they have agreed on include a plan to maintain Japan's position that it should seek the return of the four-disputed islands. Japan has insisted that if Russia recognizes Japanese sovereignty over the four islands, Japan is ready to respond flexibly with regard to the timing and method of their return. This position is in line with Foreign Minister Watanabe's assertion that "if Russia recognizes Japanese residual sovereignty over the four islands, Japan will allow Russia to govern the islands for a certain period of time."

It is highly unlikely that Russia will agree on the return of the four islands, however. This is because if President Yeltsin, who is now in trouble because of the confusion over the economic reform, makes a full concesssion to Japan, criticism against him from the conservatives and the military is feared to become further heightened and the ground of the Yeltsin administration will be undermined. Yuriy Petrov, Yeltsin's chief of staff who visited Japan late this month, also said: "It will be difficult for President Yeltsin to obtain the Russian people's consent to the return of the four islands to Japan." In this way, he clarified that it is difficult for Russia to accept Japan's demands.

The Japanese Government thinks it is most likely that Russia will take a position that it agrees on the return of the Habomai and Shikotan islets based on the 1956 Japanese-Russo Joint Declaration, which stipulates the return of the two islets to Japan, and will continue negotiations with Japan for the return of the rest of the islands—Kunashiri and Etorofu islets. This position has been taken by Russian Vice Foreign Minister Georgiy Kunadze and other Russian Foreign Ministry officials. This position conforms with Yeltsin's principle of promoting negotiations with Japan based on "law and justice." Russian Deputy Prime Minister Mikhail Poltoranin, who visited Japan early this month, said: "Russia's position is based on this (the 1956 Japanese-Russo Joint Declaration), the only agreement made between Russia and Japan. The ongoing negotiations between the two nations are for the return of the islands (which are not stated in the joint declaration)," indicating the return of the Kunashiri and Etorofu islets is the subject of the current negotiations.

Japan and Russia have agreed that "the two sides promote negotiations based on the joint declaration." Japan is currently paying attention to how the negotiations for the return of the Kunashiri and Etorofu islets will be developed. According to a scenario within the Russian Government, Russia will: 1) establish temporarily joint sovereignty over the Kunashiri and Etorofu islets; 2) negotiate with Japan for a fixed period of time—four or five years—and if negotiations break down, it will seek the judgement of the International Court of Justice; and 3) invite a guarantor from the third country for the settlement of the territorial dispute. This scenario, however, will not be accepted by Japan unless Russia clearly indicates a process for the return.

Japan and Russia hope that no matter how the northern territorial issue develops, Yeltsin's visit to Japan "should be fruitful for both sides," (according to Foreign Minister Watanabe). The two nations continue crucial negotiations, in which Japan tries to obtain as many concessions as possible from Russia for the return of the northern islands and Russia tries to win as much economic cooperation as possible from Japan.

Insists on Sovereignty Over Islands

OW0209104192 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Sep 92 Morning Edition p 1—FOR OFFICIAL USE ONLY

[By correspondent Marutani]

[Text] Moscow, 1 September—Michio Watanabe, deputy prime minister and foreign minister, who is currently visiting Russia, confered with Russian Foreign Minister Andrey Kozyrev for about two hours in an annex to the Russian Foreign Ministry in Moscow on the

II

morning of 1 September (on the afternoon of 1 September Japan Standard Time). Referring to the northern territorial issue, Watanabe said: "Japan thinks it is a matter of course that both sides recognize the 1956 Japanese-Russo Joint Declaration. But only recognizing the declaration leaves the situation the same as it was 36 years ago. We expect President Boris Yeltsin to make a decision," stressing that Russia's recognition of Japanese sovereignty over the four northern islands is a prerequisite for the settlement of the territorial dispute. In response, Foreign Minister Kozyrev said: "Both sides need to study the possibility of making concessions to promote the negotiations. Russia thinks the issue of economic cooperation should be given top priority in bilateral talks." In this way, he indicated that Russia was placing priority in the talks on economic cooperation and called for concessions from the Japanese side.

Concerning President Yeltsin's visit to Japan, Mr. Kozyrev said: "We expect his visit to lead both sides to a real turning point in bilateral relations." Watanabe agreed, saying: "We hope the president's Japan visit will be a success for both sides." Mr. Kozyrev said: "We want to fully discuss the issue of economic cooperation" at the upcoming Russo-Japanese summit talks, expecting Japan to expand its economic cooperation by not adhereing to its principle of linking political and economic issues.

Foreign Minister Watanabe said: "Japan cannot ignore the issue of the northern territories. Unless Russia takes a stand tc make efforts to settle this problem, negotiations between Japan and Russia will be deadlocked." In this way, he reiterated Japan's position that Japan would not extend large-scale assistance to Russia until the territorial issue was settled. Moreover, referring to the recognition of the 1956 joint declaration, which stipulates the return of the Habomai and Shikotan islets upon the conclusion of a peace treaty, Watanabe said: "If both sides do not go beyond recognizing the declaration, the situation remains the same as it was 36 years ago. Naturally, attention should be focused on the return of the Kunashiri and Etorofu islets to Japan," stressing Russia's recognition of Japanese sovereignty over the four islands is a prerequisite for Japan to expand its economic cooperation with Russia.

As for Russia's position on the northern territorial issue, Foreign Minister Kozyrev limited himself to saying that its position was based on two principles. They are: 1) the principle of promoting diplomacy based on "law and justice," and 2) the principle of not regarding Japan as a defeated nation in World War II.

The Japanese Government has provided Russia with $100 million-loans for food aid through the Export-Import Bank of Japan and has decided to undertake $700 million-export insurance for the natural gas development project in Russia. Touching on this economic cooperation, Watanabe said: "We understand Russia is now in economic difficulties. [With such economic cooperation], Japan will help Russia's economy to recover."

Yeltsin's Spokesman Comments

OW0109222792 Tokyo SANKEI SHIMBUN in Japanese 31 Aug 92 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Exclusive interview with Vyacheslav Kostikov, spokesman for Russian President Boris Yeltsin, by correspondent Hiroshi Imai in Moscow—date not given; first paragraph is a summary of the interview by Imai]

[Text] Moscow, 30 August—In a recent exclusive interview with SANKEI SHIMBUN, Russian Presidential Spokesman Vyacheslav Kostikov talked about how President Boris Yeltsin will deal with the northern territorial issue. While stressing that President Yeltsin is responsible for protecting national interests, Mr. Kostikov pointed out: "Depending on how Japan handles the territorial issue, President Yeltsin can either be tough or cooperative." He places special emphasis on the economic value the four northern islands will have in the future. He added: "If the opinion of the Russian people are taken into account, the return of the four islands will be very difficult."

[SANKEI SHIMBUN] Could you tell what basic policies President Yeltsin has prior to his visit to Japan?

[Kostikov] President Yeltsin has a political desire to bring Russo-Japanese relations to a new stage. Influenced by close government officials who think they are democrats, the president has adopted a diplomacy based on international law and a principle of protecting human rights. He is actively seeking measures to resolve the confrontation between Russia and Japan. But we have to understand there is a limit to what he can do. The general public in Russia thinks Moscow obtained the northern territories as a victorious country. Thus, they will not allow the government to make any concessions.

[SANKEI SHIMBUN] What does President Yeltsin have to take into account when he makes a final decision?

[Kostikov] The president will have to adopt strategies that protect national interests and ensure the security of the nation. National interests are inherited from century to century, from government to government, and president to president. Although the president admits the need to improve bilateral ties, there is a limit to what he can do. Japanese politicians will have to understand this. If they want to get a decision from President Yeltsin, the pressure the Japanese people put on him and on the Japanese Government will have to be justifiable.

[SANKEI SHIMBUN] Are you suggesting President Yeltsin is in a difficult situation?

[Kostikov] Now that Russia has adopted a multi-party system, each party has their own policies. Under the dictatorship of the Communist Party of the Soviet Union, the northern territorial issue might have been resolved more easily. I believe you remember how the former Soviet Union handled territorial problems at that

time. Former Soviet Premier Khrushchev gave the Crimea to Ukraine; borders of the former Soviet republics could easily be changed by the Communist Party. These days, there are always proponents and opponents for every issue.

[SANKEI SHIMBUN] Since President Yeltsin criticized Stalin, I think he should give up all the war trophies Stalin obtained. What do you think?

[Kostikov] I agree. But the president has to take into consideration the need to promote national interests, which also include economic interests. The northern islands have huge economic value. In demarcating boundary lines, we always take economic value into consideration. The value of the islands as fishing banks and locations of underground resources are increasing. Russia has to consider not only today's value but also their value 50 years from now.

[SANKEI SHIMBUN] It has been said President Yeltsin has as many as 12 proposals for the settlement of the northern territorial dispute. What will be the final clincher for the president to arrive at any particular proposal?

[Kostikov] The fact the president has 12 proposals indicates he has many options for settling the dispute, and can take various approaches. This has made the territorial issue both complicated and easy, however. The Japanese should understand this. If Japan works out a counter proposal which interests President Yeltsin, his decision may change hour by hour. But this largely depends on whether or not the counter proposal is constructive. It is possible that if President Yeltsin concludes Japan does not fully understand Russia's actual situation, he will be a tough negotiator during his stay. On the other hand, if he thinks Japan is ready to make important economic and political decisions, how he deals with the territorial issue will be of great interest to Japan.

Yeltsin Faces 'Political Decision'

OW0209105292 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Sep 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[By correspondent Akiyama, in Moscow, date not given]

[Text] Nothing new was noted in the Russian stance on the northern territorial issue, which was the focal point of the meeting held 1 September between the foreign ministers of Japan and Russia. In response to Japanese Foreign Minister Michio Watanabe's pressing for Russian recognizance of Japanese sovereignty over the four islands, Russian Foreign Minister Andrey Kozyrev reported that "issues, like economic cooperation, have more priority," indicating that the Russians do not want to make concessions with President Boris Yeltsin's visit to Japan just ahead. Because the Russian Foreign Ministry finds itself in a difficult position due to pressure from Russian conservatives and militarists who oppose the return of the northern territories to Japan, it is very difficult to break the deadlock through talks between diplomatic officials. The Japanese Government seems to have no alternative other than to urge President Yeltsin to make a political decision.

Foreign Minister Watanabe lauded the Russian Foreign Ministry's attitude when it pointed out—at the Russian Supreme Soviet hearing on the northern territorial issue held at the end of July—the Russian obligation to carry out the promise it made in the Joint Declaration of 1956, which clearly stated the return of Habomai and Shikotan islands to Japan. At the same time, Foreign Minister Watanabe stressed that the top executives and foreign ministers of both nations should work together in preparing for President Yeltsin's visit, indicating that Japan intended to proceed with the talks on the territorial issue excluding the "clamor" from the Russian conservatives and others.

Foreign Minister Kozyrev only reiterated the principles of diplomacy based on "law and justice" and even avoided confirming the Joint Declaration of 1956. however. Such action on the part of Russian diplomatic authorities only help to depict a circumstance where they cannot help but consider the domestic situation, such as the emergence of Russian conservatives. The results of the talks between the foreign ministers on 1 September indicates what will likely be discussed during the meeting between Foreign Minister Watanabe and President Yeltsin on 2 September: it is expected that the president will not show his cards until the summit which will be held during his visit to Japan.

Foreign Ministry Views Soviet Uranium Disposal

OW0309064092 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Aug 92 Morning Edition—FOR OFFICIAL USE ONLY

[Received via Nikkei Telecom database]

[Text] Regarding the issue on control and disposal of nuclear materials from dismantled nuclear weapons of the former Soviet Union, including highly-enriched uranium, a high-ranking Foreign Ministry official said on 2 September: "Since this is an issue that may have a great influence when viewed from the standpoint of either security or economics, the government has long been consulting with major concerned nations on what measures should be taken." The official added that the Japanese Government has conveyed the following views to concerned nations: 1) As a nonnuclear nation, it will be difficult for Japan to participate in a nuclear-weapon dismantling project; 2) it is necessary to study whether the International Atomic Energy Agency (IAEA) should join in efforts to control nuclear materials; and 3) scientifically and technologically speaking, Japan has some experiences in utilizing nuclear materials for peaceful purposes, and it will be necessary for Japan to study how to make use of its experiences.

More Alleged Sagawa Political Donations Reported

Okuda Reportedly Received Funds

OW0109121492 Tokyo MAINICHI SHIMBUN in Japanese 1 Sep 92 Evening Edition—FOR OFFICIAL USE ONLY

[Received via Nikkei Telecomm Database]

[Text] On 1 September, it was revealed in the testimony of a person concerned that "general ledgers" of Hokuriku Sagawa Kyubin (in Kanazawa City)—a company under the Sagawa Kyubin group—showed that it provided a total of about 100 million yen to Transport Minister Keiwa Okuda, (House of Representatives member elected from Ishikawa No. 1 District), in only two years of 1989 and 1990.

It appears that the "support" to Transport Minister Okuda by the "Sagawa Kyubin Group" including that company has been provided over a long period of time, and a considerably large amount of funds has been supplied so far. In a news conference held in late August, Transport Minister Okuda denied allegations that funds had been supplied by the company, and insisted, "There has been no corporate donation from Sagawa Kyubin." Now there is no doubt that he will be asked to explain about the records on the ledgers which show that huge funds have been supplied from the Sagawa Kyubin Group.

These ledgers show details of payments made to customers, purchases of party tickets for polticians, and donations made by Hokuriku Sagawa Kyubin Company (now Sagawa Kyubin Hokuriku Branch Office as a result of a merger). In February this year, the company reported that its ledgers for a nine-year period from 1982 to March 1991 were missing, but, later on, a political organization of Ishikawa Prefecture found them, and presented them to the Metropolitan Police Office voluntarily in May.

A staff member of the organization at that time announced he picked "them up on a road in the Ishikawa Prefecture boundaries in early February." The organization revealed copies of parts of the records for the past six years.

These copies showed records of payment funds, including about a total of 6 million yen to Yoshiro Mori, chairman of the Liberal Demcoratic Party Policy Research Council, and some political groups, as well as 100 million yen to a House of Representatives election candidate—a conservative who ran in the Niigata No. 4 District without a political party ticket (and lost in the election). But as far as the part on Transport Minister Okuda was concerned, all that the records revealed was that 10,000 yen was provided to Okuda's Office in October 1987.

It has so far been found also that Mr. Okuda's (then) private secretary was paid 2 to 3 million yen a year as his annual pay during a two-year and four-month period from April 1988.

In a press conference on 28 August, Mr. Okuda referred to Hiroyasu Watanabe, former presdient of Tokyo Sagawa Kyubin, indicted on charges of committing aggravated breach of trust, and admitted, "I know him well enough, and I have had chances to have a dinner with him once or twice a year." But, asked to comment on personal donations from defendant Watanabe, he only said: "I would like to make no further comment on the matter. If the time comes, there will be things to talk about."

Meanwhile, regarding the 100 million yen on the records, Tetsu Kajiyama, secretary to Transport Minister Okuda, insisted: "There is no record of the Tokyo office or the local office having received such political donations."

Resignations Follow Scandal

OW0209133092 Tokyo MAINICHI SHIMBUN in Japanese 2 Sep 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Unattributed article: "LDP Is Scared by Reappearance of 'Recruit Case,' Is Desperate To See Political Power Stabilized"]

[Text] Mr. Kanemaru resigned as vice president of the Liberal Democratic Party [LDP] over the Sagawa Kyubin case, and Mr. Kaneko, governor of Niigata Prefecture, had to resign from his post. Then on 1 September, it was learned that Transport Minister Okuda was suspected of having received large sums of money as donations. The government and the LDP are now desperate to prevent the recurrence of the "domino effect" that drove cabinet ministers and party leaders into resignation one after another over the Recruit scandal.

Against the demands of opposition parties to open the Diet soon, within the ruling party there remain hardliners insisting "it should not be called before November," but there are also rising voices saying that an early opening of the parliament is unavoidable. The political situation apparently will change as dictated by what will come out of the Sagawa case.

The Prime Minister's Office is trying very hard to deal with the situation more cooly. An official close to the prime minister asserted: "At the time of the Recruit incident, the air was such that one could be criticized for just walking past the Recruit office building, but the situation is not that bad now."

Lists of politicians who were alleged to have received donations have been circulating for some time, but some

people think increased credibility has been given to such lists since Mr. Kanemaru resigned as party vice president.

There are strong hopes among the people of the Prime Minister's Office that "the resignation of Mr. Kanemaru or Governor Kaneko might have been unavoidable, but we must avoid the recurrence of the developments seen in the Recruit incident wherein a number of ministers were driven into submitting resignations just because the news media reported they 'received money,' causing, in the end, the Takeshita cabinet to fall."

Even when Chief Cabinet Secretary Kato commented that "there should be no problem as long as the money was for political funds," what he wanted to say was that "witch hunting" must be avoided. He wanted to draw a line at the issue of donations by noting that the the question should be "whether the donations violated the law or not." The prime minister wants to be safe in power and to have a free hand in a cabinet reshuffle expected in the autumn.

The LDP is just as scared of an extreme "purge by Sagawa." The people of the party are equally desperate to avoid a direct hit by the scandal on the Miyazawa government, whose foundation has already weakened. A senior member of the Takeshita faction said, "even if a cabinet minister is found to have received donations, he will not be allowed to resign until the time of the cabinet reshuffle." A senior member of the Miyzawa faction insisted, "If a politician has to resign just because he received some donations, people cannot engage in politics. Fair donations and doubtful donations should be distinguished."

Transport Minister Okuda on 1 September denied reports of large amounts of donations having been supplied to him, but left a word with hidden connotation about what he might do henceforth, saying, "I would like to tell you about personal donations (from other sources) if the time for it comes." Still, it is expected that there will come further revelations of other cabinet ministers suspected to have been involved in the case. No doubt, for the leaders of both the government and the LDP, the tense time will last for some time.

Meanwhile, the LDP Political Reform Headquarters held a staff meeting the same day, and held serious discussions on the question of regulating dinner parties held for the purpose of raising political funds as well as the question of requiring politicians to make public information on personal assets. Some in the meeting insisted, "Now that the Sagawa issue has come up, regulations dealing with the questions must be strengthened."

Having done some soul-searching on the fact that the political reform following the Recruit incident ended only in the treatment of hope, a senior official of the headquarters said, "The resignation of Governor Kaneko is only natural, but in a gubernatorial election campaign, even if a candidate is not out to buy votes, he still needs several hundred million yen for publicity, communications, and labor costs. It is necessary for the existing system to be drastically reformed." Apparently, there are growing voices within the party urging substantive debate on the question of "politics and money."

Editorial Urges Thorough Probe

OW0209121192 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Sep 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Editorial: "Thorough Probe Into the Sagawa Scandal Needed To Purify Politics"]

[Text] Niigata Prefecture Governor Kaneko tendered his resignation on 1 September. He tendered it taking responsibility for his alleged involvement in the Sagawa scandal in which huge amounts of money were illegally provided by the Sagawa Kyubin Group to Mr. Kaneko's campaign staffers when a gubernatorial election was held. Mr. Kanemaru of the ruling Liberal Democratic Party [LDP] has also resigned as [LDP] vice president after he was reported to have received money from the group.

Although the governor denied his direct involvement in receiving the huge amounts of money at a news conference, the question still remains unresolved despite his resignation. Investigative authorities should thoroughly track the flow of dirty money and bring the whole picture of the scandal to light.

The scandal involving the Sagawa Kyubin Group is that the group has provided huge sums of money to Mr. Kanemaru, influential parliamentarians, and Governor Kaneko. Mr. Kanemaru has admitted that he received 500 million yen through his secretary because he could not deny the truth about receiving the money.

In the 1989 Niigata gubernatorial election, for which Mr. Kanemaru worked to field a single conservative candidate, former President Watanabe of the Sagawa Kyubin Group allegedly handed a total of 300 million yen to campaign staffers for candidate Kaneko. Governor Kaneko, who had categorically denied receiving the money, said at the news conference that his campaign staffers had received 100 million yen from the group.

Links between the Sagawa Kyubin Group and Niigata Prefecture are very close. In Niigata Prefecture, the Sagawa Kyubin Group has a tractor terminal, the biggest in the coastal areas along the Sea of Japan, and has provided 1 billion yen in interest-free loans to the prefecture-invested "Niigata Old Town." The prefectural assembly made these close links an issue on many occasions during the time Mr. Kaneko served as lieutenant governor and governor. Officials in charge of administration at the central and local levels need to be cautious about leaning toward specific firms.

It seems that the recent scandal has been caused by the laxity of political circles at the central and local levels.

There has been a practice of local governments approaching the powerful faction within the LDP with the aim of obtaining a bigger budget, and the faction intervenes in electing governors with the aim of expanding its influence. Local residents need to pay more attention to local politics for the sake of sound local autonomy.

Explaining why he was going to resign as prefectural governor at the news conference, Governor Kaneko said he intended to step down to take political and moral responsibility for causing confusion in the prefectural administration, but did not admit his involvement in the scandal. In reaction, the Special Investigation Department of the Tokyo Prosecutor's Office reportedly plans to launch an investigation into false revenue-expenditure reports kept by political parties. Depending on the progress of the investigation, the political parties cannot avoid legal responsibility.

What is characteristic in the investigation into the Sagawa scandal is that investigative authorities intend to probe the scandal on charges of violating the Political Fund Control Law, not on charges of taking bribes. The law is considered a "law with many loopholes." The law should be enforced justly regardless of whether the charges are light or heavy.

The enforcement of the law is intended to secure "fairness and justice" in political activities by making public the revenue and expenditure of political funds and regulating the receipt of those funds. Politics needs money to some extent; this is unavoidable. At both the central and local levels, one scandal after another has been unfolding, however, and even opposition parties have been involved in them. Although it cannot be said that politicians are saints, their attitude on receiving huge sums of political funds without hesitation cannot be considered normal.

The current state in political circles is far from "fairness and justice." The investigative authorities should do everything in their power to bring the whole picture of the scandal to light. Meanwhile, ruling and opposition parties need to collect not dirty money, but "clean money" from the people. The government should make full efforts to purify politics and reform itself.

Outlook for Financial Reform Remains Unclear

922A0314A Tokyo NIHON KEIZAI SHIMBUN in Japanese 25-27, 30 Jun; 2, 3 Jul 92—FOR OFFICIAL USE ONLY

[Article in six installments: "Financial Reform Setting Out Under Adverse Conditions"]

[25 Jun p 7]

[Text] **Long-Term Credit Banks Waging All on Recovery**

The Law Related to Reform of the Financial System, whose objective is deregulation of the banking and securities businesses, passed at the end of last week, and the private sector's work of preparing for it began. Both banks and securities companies are suffering from the aftermath of the bubble economy, so their enthusiasm for reform of the system is a shade weak, but the entering into each other's business through subsidiaries contains the possibility of redrawing the financial map of the future. It is judged that it will also lead to reorganization of financial institutions, so it seems likely to become an opportunity for bank and brokerage management and administration guidance to change.

Over a Dozen Kinds of Entrance Plan

In April of this year The Industrial Bank of Japan transferred a number of such posts as the Securities Business Department to the "Square Building" in Tokyo's Otemachi district, one street away from its main branch. The view among people is that The Industrial Bank of Japan will move into this building its securities subsidiary which it will establish as early as next spring.

Although there is only a vague idea about the securities subsidiary of The Industrial Bank of Japan, it is said that it will have "capital of 30 billion yen and a staff of about 100." But it is not a definite plan. The bank ran a profitability simulation on more than a dozen kinds and sizes of securities subsidiaries, but it has not been decided which plan to adopt. The biggest reason is that it cannot be seen what kind of firewall (business partition) between the securities subsidiary and the bank, which will accompany establishment of the subsidiary, will be, and profitability will change greatly depending on the content of the firewall.

"The main bank (the bank with which one deals most) system"—. It is the point within firewalls with which The Industrial Bank of Japan is most concerned. The main point is that when the securities subsidiary underwrites the securities of a company on which The Industrial Bank of Japan can exert influence, certain restrictions will be set up, and securities circles are demanding strict application. In contrast to this, Executive Managing Director Masao Nishimura of The Industrial Bank of Japan stresses that "if one is too strict, the subsidiary will not function."

It is the judgment of The Industrial Bank of Japan at the present that "the influence of banks does not extend too much to powerful companies with triple-A ratings. Firewall restrictions will probably be strict toward companies with lower ratings." It judges that, in issuing bonds for a strong company, it will also be possible for the bank itself to take the role of representative trustee and for the keiretsu securities subsidiary to serve as the main underwriter, but for the keiretsu securities subsidiary to be the main underwriter with small companies will be limited by such things as the trust relationship and the financing ratio.

VII

The Industrial Bank of Japan To Find Way Out of Difficulties by Securities Business

Even if it has cleared up the firewall problem, there will be all kinds of restrictions in underwriting business. The "equity-capital ratio regulation," which regulates such things as the amount of securities that can be held relative to net worth, will be applied to the subsidiary securities company. It means that, if it lacks the strength to sell the securities which it underwrites, there is also the risk that the securities subsidiary itself will hold the securities which are left over, so a limitation is produced in the scale of the underwriting.

On the other hand, when a small company issues bonds the main-bank restriction will be applied, so it would be difficult for the securities subsidiary to take the role of main underwriter. The result of this is that one can fully imagine cases in which, initially, revenue sources for the securities subsidiary will not go beyond the profit from investing the capital.

Nevertheless, The Industrial Bank of Japan is trying to discover in the securities business a future way out of difficulties, because the capital market will become the mainstream for raising long-term industrial capital. In order to strengthen its underwriting function, The Industrial Bank of Japan is also considering establishment of a setup to handle both underwriting and sales by transferring control of part of its public-bond dealing department to its subsidiary.

Since World War II, The Industrial Bank of Japan has continued to protect a trust system by which it takes charge of such things as control of corporate bonds issued by companies. But the debate on revision of the Corporate Bond Act is also continuing, so that system is certain to change. Strengthening the underwriting business can be said to also have the meaning of making up for the ruin of the trust system.

Long-Term Credit Bank of Japan To Give Priority to Existing Keiretsu

Even within the same category of long-term credit banks, the view of The Long-Term Credit Bank of Japan is somewhat different from that of The Industrial Bank of Japan. It derives from "a difference in how seriously one is considering the underwriting business" (Vice President Mario Mizukami). The Long-Term Credit Bank of Japan says "for the time being we will set up a small securities subsidiary and will give priority to strengthening our existing keiretsu organization, including Dai-Ichi Securities Co., Ltd., Dai-Ichi Securities Investment Trust, and Long-Term Credit Bank of Japan Investment Counselors (Vice President Mario Mizukami). The Long-Term Credit Bank of Japan's strategy lies in increasing the strength of the investment business of the group as a whole.

The Long-Term Credit Bank of Japan shows interest in trust business, too. If we liken it to the United States, which is advanced in financial deregulation, "Bankers Trust, which is strong in investment business that makes full use of the trust function" (young executive), could be said to be the concrete form of the future at which The Long-Term Credit Bank of Japan is aiming. The Nippon Credit Bank, too, has stronger interest in trust business than in securities business.

To begin with, the origin of the current reform of the financial system was "how to go on making use of long-term credit banks after abolition of the system of specialized financial institutions" (person related to the Ministry of Finance). As evidence of that, the Ministry of Finance [MOF] plans to approve establishment of securites subsidaries by long-term credit banks before city banks. What kind of future image does it depict at a time when profitability is unclear? It is likely that one can say that, to long-term credit banks, which suffered many wounds in the collapse of the bubble, reform of the financial system is an attempt at self-reform which will wager their recovery.

[Box, p 7]

Main Firewalls Between Parent Banks and Securities Subsidiaries

Business Premises

Cannot be shared. It is possible for them to be located in the same building but have separate entrances.

Restrictions on Transactions Between Parent Company and Subsidiary (Restricted Items)

Underwriting by securities subsidiary of securities issued by the parent bank.
Purchase within a specified period by the parent bank of securites underwritten by the securities subsidiary.
Underwriting of company-issued securities by the securities subsidiary for the purpose of recovering a loan by the parent bank.
Provision of special benefits by the parent bank to clients of the securities subsidiary.

Main-Bank Restriction

Restricts underwriting by the securities subsidiary of securities issued by companies whose main bank is the parent bank. [end box]

[26 Jun p 7]

[Text] **Securities Circles Perplexed**

In June Nomura Securities Co., Ltd., quietly assigned to its overall planning office staff who will be preparing for establishment of a trust subsidiary. However, there were three of them, one department-head level person and two midlevel staff members, which resulted in impressing upon related persons the stalemated state of the plan, all the more so since within the company initially there had also been the opinion "we should

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3 September 1992

IX

Daily Report
East Asia

FBIS-EAS-92-172 *3 September 1992*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NOTICE TO READERS: Continuing reportage on the Tenth Nonaligned Movement Summit, held in Jakarta, Indonesia from 1-6 September 1992 is published in a series of special East Asia DAILY REPORT supplements.

NORTHEAST ASIA

Japan

Yeltsin Urged To Make 'Courageous' Decision *[KYODO]* 1
Russia Offers To Sell Highly Enriched Uranium *[KYODO]* 1
Cooperation With Russia on Nuclear Fuels Urged *[KYODO]* 1
West To Cooperate in Russian Nuclear Fuel Uses *[KYODO]* 2
Hokkaido-Russia Economic Committee Formed *[KYODO]* 2
Ainu Minority Demands Rights in Islands Dispute *[KYODO]* 2
Tokyo Declines Comment on PRC Dissident's Arrest *[KYODO]* 3
China Agrees to Material Patent Protection *[KYODO]* 3
Group To Aid PRC With Environmental Issues *[KYODO]* 4
Miyazawa, Yanai Agree on Plan for Cambodia *[KYODO]* 4
Troops May Work With PRC Forces in Cambodia *[KYODO]* 4
Mieno Says Banks More Reluctant in Lending *[KYODO]* 5
Hata Says Banks Can Handle Bad Loan Problems *[KYODO]* 5
Government To Disclose Bad Bank Loans in Sep *[KYODO]* 5
Trade Official Continues To Call For Tax Cut *[KYODO]* 6
Effect of Economic Package on Land Prices Viewed *[KYODO]* 6
Miyazawa Not To Intervene in Sagawa Scandal *[KYODO]* 6

North Korea

Chinese Barred Entry Due to Alleged Food Riots *[KYODO]* 7
Committee Denies Funding of ROK Dissidents *[KCNA]* 7
Japan Denounced for Refusing To Admit 'Crimes' *[KCNA]* 7
Officials Meet Foreign Dignitaries at NAM Summit 8
Yon Hyong-muk Meets Counterparts *[KCNA]* 8
Kim Yong-nam Meets Delegates *[Pyongyang Radio]* 8
Ministry Hosts Reception Marking Ties With Cuba *[KCNA]* 8
Women Address 'Peace in Asia' Seminar in Pyongyang *[KCNA]* 8

South Korea

Yeltsin's Mid-September Visit Previewed 10
Moscow's Goals Noted *[YONHAP]* 10
President No Expresses Hopes *[YONHAP]* 10
North Agrees on Future Exchanges, Cooperation *[YONHAP]* 11
North To Permit Foreign Investment in Zone *[YONHAP]* 11
KOTRA Assesses Future Trade With Taiwan *[YONHAP]* 11
GATT Director General Visits Seoul 11
Arrives 2 Sep *[THE KOREA HERALD 3 Sep]* 11
Meets Foreign Minister Yi *[YONHAP]* 12
Meets President No *[YONHAP]* 12
Infantry To Be Included in Peacekeeping Forces *[YONHAP]* 12
Military Inspectors Study Manpower, Organization *[THE KOREA TIMES 2 Sep]* 13

SOUTHEAST ASIA

Burma

SLORC Said Continuing Offensive in Karen State *[Radio DVOB]* 15
Authorities Seize Heroin at Mandalay Station *[Rangoon Radio]* 15
Further Drug Seizures Reported *[Rangoon Radio]* 15

Cambodia

Khmer Rouge Demands UNTAC's Akashi To Resign *[Radio VGNUFC]* 15
Hun Sen Discusses Implementation of Accord *[Phnom Penh Radio]* 16
Hor Namhong Sends Greetings to SRV Counterpart *[Phnom Penh Radio]* 16
Ceremonies Held To Release Troops Temporarily *[Phnom Penh Radio]* 16

Indonesia

U.S. Groups File Unfair Trade Petitions *[ANTARA]* 17
Alatas Agrees to E. Timor Talks With Portugal *[Lisbon Radio]* 18

Laos

Article Views Relevance of Nonaligned Movement *[Vientiane Radio]* 18
Leaders Greet SRV Counterparts on National Day *[Vientiane Radio]* 19
Ministry, French Delegation Discuss Language Use *[KPL]* 19
Prime Minister Receives French Delegation *[Vientiane Radio]* 19

Philippines

Iraq Seeks Support for Lifting of 'No-Fly' Zone *[MALAYA 2 Sep]* 20
Exploratory Talks With Communists 'Went Well' *[Manila Radio]* 20
No Preconditions for Formal Talks *[MANILA BULLETIN 3 Sep]* 20
Manila Rejects Third-Party Mediation *[PHILIPPINE DAILY INQUIRER 3 Sep]* 20
Freed Communist Leaders Malay, Ocampo Interviewed *[Quezon City TV]* 21

Thailand

Ministries To Seek Trade Retaliation Measures *[THE NATION 3 Sep]* 25
No Conclusion Reached on May Violence Report *[THE NATION 2 Sep]* 26
Political Attitudes of Military Viewed *[THE NATION 31 Aug]* 26
Trade Figures for First Half of 1992 Reported *[Bangkok Radio]* 27

Vietnam

Hanoi Said To Invite Official Israeli Delegation *[Tel Aviv DAVAR 2 Sep]* 28
Funeral Committee for Vice President Named *[Hanoi Radio]* 28
Doan Khue Attends Army Youth Congress Opening *[Hanoi Radio]* 28
Fall Rice Planting Statistics Detailed *[VNA]* 29

AUSTRALASIA

Australia

Keating Criticizes New U.S. Wheat Subsidies *[AFP]* 30

Fiji

Ill President To Be Flown to U.S. for Treatment *[Melbourne International]* 30

Japan

Yeltsin Urged To Make 'Courageous' Decision

OW0309081292 Tokyo KYODO in English 0614 GMT 3 Sep 92

[Text] Tokyo, Sept. 3 KYODO—Japan urged Russian President Boris Yeltsin Thursday to make a "courageous political decision" to resolve a thorny decades-old territorial dispute between the two countries.

Chief Cabinet Secretary Koichi Kato made the comment one day after Yeltsin and Foreign Minister Michio Watanabe failed to make headway on resolving a dispute over four Russian-held islands off Hokkaido, seized by the Soviet Union at the close of World War II.

Watanabe is in Moscow for a weeklong visit to lay groundwork for Yeltsin's September 13-16 visit to Tokyo.

Speaking at a news conference, Kato said, "I hope that Yeltsin will make a courageous political decision on the territorial dispute so that (his visit) may be a definitive turning point enabling our two countries to have a prosperous future."

Prime Minister Kiichi Miyazawa, speaking to reporters, said that Yeltsin's refusal to acknowledge Japan's sovereignty over the four islands was no surprise given the tough situation Yeltsin faces at home.

Yeltsin told Watanabe that pressure from Tokyo to resolve the dispute is backfiring, and that their efforts are making it more difficult to achieve a solution.

On Yeltsin's criticism of Japan as the country holding "last place" among the Group of Seven (G-7) nations in contributing economic assistance, Kato said that Yeltsin apparently had not been informed by his advisers of Japan's pledged aid because he has a "strong personality."

Several of Miyazawa's advisers suspect that Yeltsin may not be listening to his aides, who appear to be aware of Japan's assistance, Kato said. He predicted, however, that Yeltsin would eventually receive accurate information.

Japan has pledged some 6.5 billion yen worth of food and humanitarian assistance to Russia. The country has also agreed to participate in a 24 billion dollar G-7 aid package. Yeltsin has indicated economic cooperation will be a top priority in talks with Miyazawa.

Russia Offers To Sell Highly Enriched Uranium

OW0309114692 Tokyo KYODO in English 1121 GMT 3 Sep 92

[Text] Tokyo, Sept. 3 KYODO—Russia has offered to sell to Japan the highly-enriched uranium it no longer needs owing to the breaking up of nuclear weapons, a senior Foreign Ministry official said Thursday.

The informal offer has been made to the Ministry of International Trade and Industry's Agency of Natural Resources and Energy and the Japanese electric power industry by the Russian Government, he said.

The official said Japan replied that it has no intention at the moment of buying the uranium.

Highly-enriched uranium for use in nuclear weapons may be diluted for use as nuclear power plant fuel.

Russia's highly-enriched uranium, now becoming redundant because of the breaking up of nuclear weapons, is estimated to total 500 tons, worth about 7.2 billion dollars.

Russia has offered to sell the uranium to countries with atomic power plants in an effort to raise funds for economic reconstruction.

The United States late in August initialed an agreement to purchase a total of about 200 tons of such uranium from Russia over a period of 10 years.

Ministry sources said when a Japanese official in charge visits the U.S. and Canada soon for atomic power accord talks, he will exchange opinions with U.S. and Canadian officials on the Russian offer.

Cooperation With Russia on Nuclear Fuels Urged

OW0309092492 Tokyo KYODO in English 0819 GMT 3 Sep 92

[Text] Tokyo, Sept. 3 KYODO—The chairman of the Japan Chamber of Commerce and Industry said Thursday that Japan should cooperate with Russia in ensuring peaceful use of nuclear materials from dismantled nuclear arms of the former Soviet Union.

Rokuro Ishikawa, commenting on Russian President Boris Yeltsin's Japan visit this month, said Japan should offer the cooperation on condition the pending bilateral dispute over four Russian-held islands off Hokkaido is settled.

He said major projects for Japanese-Russian economic cooperation, possibly including the nuclear issue, will be proposed during Yeltsin's talks with Japanese officials.

Russian Deputy Prime Minister Mikhail Poltoranin, during his talks with Ishikawa in Tokyo in early August, asked Japan for economic cooperation regarding peaceful use of large amounts of plutonium and enriched uranium to be generated in the dismantling of nuclear arms, the business leader said.

Russia hopes to sell the materials as fuel for nuclear power generation to the West, Ishikawa said.

West To Cooperate in Russian Nuclear Fuel Uses

OW0309092892 Tokyo KYODO in English 0653 GMT 3 Sep 92

[Text] Tokyo, Sept. 3 KYODO—Western nations will work together to divert nuclear fuel used in Russian armaments to peaceful use, a senior Japanese trade official said Thursday.

Either the Organization for Economic Cooperation and Development (OECD) or the Group of Seven (G-7) industrialized nations may lead the effort to find peaceful uses for the highly concentrated uranium and plutonium, said Vice International Trade and Industry Minister Yuji Tanahashi.

Tanahashi told a news conference the Japanese Government has also studied ways to cooperate in this issue.

"Since we have no technology for dismantling nuclear arms, Japan may cooperate in storing nuclear fuel," he said.

He suggested, however, that Japan does not intend to buy nuclear fuel directly from Russia, saying, "Japan has enough nuclear fuel stocks for atomic power generation to meet demand until 2000."

Hokkaido-Russia Economic Committee Formed

OW0309121292 Tokyo KYODO in English 1113 GMT 3 Sep 92

[Text] Sapporo, Sept. 3 KYODO—The local government and major business groups in Hokkaido on Thursday established a joint committee with Russia aimed at deepening its economic ties between Hokkaido and Russia.

The committee opened its first meeting earlier in the day and adopted about 60 economic cooperative programs for the next five years, including the opening of a regular air route and exploration of fisheries resources in the coastal areas.

Hokkaido Governor Takahiro Yokomichi and 12 other Hokkaido officials attended the meeting, where 12 Russian officials, including Vice Minister of External Economic Relations V.D. Shibayev, were also present.

The joint committee, consisting of officials from political and economic circles in both Hokkaido and Russia, will meet regularly once a year to draft more cooperation programs.

Ainu Minority Demands Rights in Islands Dispute

OW0309023692 Tokyo KYODO in English 0148 GMT 3 Sep 92

[Text] Tokyo, Sept. 3 KYODO—As Japan and Russia haggle over their territorial dispute ahead of President Boris Yeltsin's mid-September visit here, members of Japan's indigenous Ainu minority group are trying to draw attention to the sordid history behind the two governments' acquisition of their ancestral lands.

The 15,000-member Ainu Association of Hokkaido faults the Japanese and Russian Governments for debating their northern border in unconscionable disregard for the "rights" of the Ainu as the original inhabitants of the region where the disputed islands are located.

Native rights activist Masanori Toyooka calls the Russo-Japanese territorial talks "a dispute between thieves."

"To us, both the Japanese and the Russians are invaders," said Toyooka, leader of a smaller but more vocal Ainu group demanding that the disputed islands—Kunashiri, Etorofu, Shikotan, and the Habomai group of islets—be made into an autonomous region for the Ainu in order to save them from "the threat of eradication."

The Japanese Government dismisses the proposal out of hand, and similarly rejects the group's calls for apologies and reparations, or for the inclusion of Ainu representatives in talks with Russia.

Explained one Foreign Ministry official, "These are talks between countries, and the Japanese Government is representing all the people of Japan, including the Ainu people."

But Kazuaki Yamamoto, founder of another small activist Ainu group, insists the two governments have ignored the Ainu in the territorial negotiations. That sentiment was echoed last June by Valentin Fyodorov, head of the Russian regional government administering the contested islands, who said, "Japan and Russia should both express regret for having ignored Ainu interests."

Yamamoto, meanwhile, fears for the future of the remote islands off Hokkaido if they again fall under Japanese control. "If Russia returns them to the Japanese Government, tourist development projects will destroy the rich natural environment there."

The more widely representative Ainu association of Hokkaido focuses its efforts on pressing the two governments to recognize the "rights" of the Ainu as the indigenous people of the Sea of Okhotsk region—including the disputed islands, Hokkaido and Sakhalin islands, and the Kuril archipelago.

The group reportedly wants Japan and Russia to extend the Ainu special privileges regarding freedom of movement, residence, and use of resources—irrespective of national borders.

For now, though, the association is urging the Japanese Government to include native people in an bilateral exchange program under which "former residents," members of irredentist groups, and the press corps can visit the disputed islands without visas.

But the government has effectively excluded all but a few Ainu by defining "former residents" as Japanese evicted from the islands after 1945 when they were seized by Soviet troops at the end of World War II.

The association argues that all Ainu in Japan, which it estimates at over 24,000 people, should have the right as indigenous people to participate, whether or not they lived on the islands.

According to association head Giichi Nomura, "The Japanese Government apparently fears Ainu visits to the islands might obstruct the negotiations for their return, but I think to the contrary that they would facilitate a settlement."

Government brochures proclaim the disputed islands as Japan's "inherent territory," a phrase the grates on the nerves of Ainu, who regard Japanese citizenship as having been arbitrarily forced on them by the "wajin" or ethnic Japanese.

Ainu activists are dismayed at some "wajin" writers who suggest that the centuries-old Ainu presence on the islands is tantamount to Japanese sovereignty.

But a similar tendency can be found in Russia. Last May, a conservative Russian organization reportedly declared June 6 "Kurils Day" because, it asserted, it was in June 1778 that the Ainu on Kunashiri and Etorofu took up Russian citizenship.

The first Europeans and Japanese began encroaching on the Kuril region in the 17th century.

Initial contacts had their bloody moments, as in 1771 when Ainu on an island north of Etorofu massacred a party of Russians in retaliation for Cossack raids, demands for tributes, and depletion of hunting prey. In 1789, Ainu on Kunashiri rose up over Japanese merchant abuses.

But by the early 1800s, Russians pressing from the north and Japanese from the south had made great headway in politically, economically, and culturally dominating the Ainu.

The Ainu of Kunashiri and Etorofu numbered around 2,000 in 1800, but by 1900 had dwindled to a few hundred due to fatal diseases, absorption through intermarriages with Japanese, and emigration to Hokkaido for work.

After a 1875 Russo-Japanese territorial swap in which all the Kurils were taken over by Japan, the Ainu in the northern reaches of the arc, by then reduced to less than a hundred, were forcibly relocated to Shikotan, where they lived in dwindling numbers until 1945.

Since then, no Ainu remain on any of the four disputed islands and today there are only a few former residents living in Hokkaido.

Tokyo Declines Comment on PRC Dissident's Arrest

OW0309043292 Tokyo KYODO in English 0346 GMT 3 Sep 92

[Text] Tokyo, Sept. 3 KYODO—Japan on Thursday declined comment on China's detention of dissident Shen Tong, but said the incident would not affect Emperor Akihito's trip to China in October.

Chief Cabinet Secretary Koichi Kato said that Japan could not comment because it has not yet ascertained the reason for Shen's detention.

"We are watching with concern whether it is a human rights problem," Kato told a regularly scheduled news conference.

Shen, a leader of the 1989 pro-democracy movement, was arrested Tuesday shortly before he was to give a press conference announcing the launching of a Chinese branch of the U.S.-based Democracy for China Fund.

The arrest came one month after Shen, who chairs the fund, returned to China from the United States. The Chinese Government last month promised amnesty to dissident students who wished to return from overseas to contribute to the country's prosperity.

Kato said the emperor's visit to China is to promote friendship, and would be handled separately from human rights issues, which he said are best addressed via diplomatic and political channels.

Japan is concerned about China's human rights record, but a single incident must not be allowed to rock relations, Kato added.

China Agrees to Material Patent Protection

OW3108141792 Tokyo KYODO in English 1324 GMT 31 Aug 92

[Text] Tokyo, Aug. 31 KYODO—China has basically agreed with Japan to protect chemicals, drugs, and other materials patented by Japanese companies, Ministry of International Trade and Industry (MITI) officials said Monday.

At a bilateral working-level meeting to discuss China's planned patent system on materials in Beijing, China made a concession to Japan, which had requested treatment similar to that granted to the United States, the officials said.

China and the U.S. agreed in January that production and marketing of materials patented in the U.S. after 1986 would not be allowed in China for seven and a half years starting from 1993.

Japan had contended the system would favor only the U.S. and be discriminatory to Japan and other countries, the officials said.

With the agreement, Japanese patentees will be protected when entering the Chinese market under the same conditions given to the U.S., they said.

During his visit to China in April, MITI Minister Kozo Watanabe won China's consent to open negotiations on this issue, they said.

Although the negotiations were tough going due to China's reciprocal request for technology transfers, China has finally accepted Japan's contention there were no reasonable grounds for special treatment to be given to the U.S., the officials said.

The European Community had negotiated separately with China on this matter and in July obtained China's commitment to the same treatment, they said.

Group To Aid PRC With Environmental Issues

OW0309092692 Tokyo KYODO in English 0643 GMT 3 Sep 92

[Text] Tokyo, Sept. 3 KYODO—The Japan-China Association of Economy and Trade will set up a panel September 10 to help China cope with its environmental pollution, association officials said Thursday.

The panel will consist of representatives from some 20 environmental protection equipment manufacturers and will be headed by Hiroyuki Fujimura, president of Ebara Corp., the officials told KYODO NEWS SERVICE.

The panel will survey areas suffering from environmental pollution in China and its impact on Japan, and arrange technical support to develop equipment in China geared toward saving the environment, they said.

The association's mission, which is scheduled to visit China from September 16, plans to ask China to form a similar panel within the government.

The association hopes the two panels can exchange views on environmental issues as early as October.

China's environmental pollution is reported to have worsened over the years, and massive emissions of sulfur dioxide in China are said to be the cause of acid rain in Japan.

Miyazawa, Yanai Agree on Plan for Cambodia

OW0209131292 Tokyo KYODO in English 1251 GMT 2 Sep 92

[Text] Tokyo, Sept. 2 KYODO—The government's plan for having Japanese personnel join U.N. peacekeeping operations in Cambodia calls for the dispatch of some 1,800 people over a 14-month period, starting September 11, government sources said Wednesday.

The plan, to be approved at a cabinet meeting September 8, was agreed to Wednesday by Prime Minister Kiichi Miyazawa and the secretary general of the office coordinating U.N. peacekeeping operations, Shunji Yanai, the sources said.

According to the plan, Japan will contribute personnel for rebuilding the transportation infrastructure, observing the ceasefire and serving as civilian police.

Some 600 ground Self-Defense Force personnel are to be dispatched to help repair roads, bridges and airports. The team is expected to be replaced by fresh personnel midway through the 14-month period.

In addition, some 400 Maritime Self-Defense Force personnel are to operate two transport ships and a supply vessel, and 120 air Self-Defense Force personnel will be dispatched as crew for six C- 130 transport aircraft.

Japan will also provide eight ceasefire observers and 75 civilian police officers.

The plan, to be issued as a government ordinance September 11, stipulates that personnel may be armed with pistols and small firearms.

It is the first large-scale peacekeeping scheme to be drawn up under the U.N. Peacekeeping Cooperation Law approved by parliament in June.

The law limits the number of peacekeeping personnel to 2,000.

Troops May Work With PRC Forces in Cambodia

OW3008045792 Tokyo KYODO in English 0433 GMT 30 Aug 92

[Text] Karuizawa, Nagano Pref., Aug. 30 KYODO—The killing fields of Cambodia may soon become the peacemaking grounds for Japanese troops and their former World War II adversaries in Asia, a senior Foreign Ministry official said Sunday.

Vice Foreign Minister Koji Kakizawa said he hopes U.N. peacekeeping operations in Cambodia will provide a setting for Chinese and Japanese engineering corps troops to "shake hands" and put behind old animosities.

He said he has already proposed to Chinese Foreign Minister Qian Qichen and U.N. Transitional Authority in Cambodia (UNTAC) Chief Yasushi Akasahi that Japanese and Chinese peacekeeping personnel share assignments.

"Akashi replied that it is a good idea," Kakizawa said at a ruling Liberal Democratic Party (LDP) seminar attended by about 170 business executives in the mountain resort town of Karuizawa.

Kakizawa said had he made a similar proposal to South Korean Foreign Minister Yi Sang-ok, he had feared he would be told the idea was impossible.

Yi merely replied that he did not know if South Korea would be providing peacekeeping troops, Kakizawa said.

The Korean peninsula was a Japanese colony from 1910 to 1945, and Korea has repeatedly urged Japan to exercise caution in its plans to send ground troops on a mission abroad for the first time since World War II.

Japan is expected to dispatch a 600-member engineering corps to Cambodia in October to help rebuild roads and bridges.

Mieno Says Banks More Reluctant in Lending

OW0109082492 Tokyo KYODO in English 0717 GMT 1 Sep 92

[Text] Tokyo, Sept. 1 KYODO—Bank of Japan (BOJ) Governor Yasushi Mieno on Tuesday said the nation's economy continues to slow and Japanese financial institutions are more reluctant than before to lend money.

Mieno, speaking at an annual conference of life insurance companies, said the money supply continued to grow at a slow pace as corporate capital demand remains weak amid a slowing economy and sluggish asset transactions.

The slow monetary growth, however, is not putting any squeeze on corporate financing in light of falling lending interest rates, a high level of liquidity, and companies' favorable perception of financial conditions, Mieno said.

But, he added, "It is undeniable that financial institutions are more cautious in their lending now than they were in the past cycles of monetary easing."

The central bank will keep a close watch on the trends of money supply and corporate financing, Mieno said.

On the economy as a whole, Mieno said companies are cutting back on capital investments, while consumer spending is also down.

"The economy as a whole remains in a decelerating process," he said.

Inventory adjustments have been halted temporarily, making it necessary for companies to continue the drastic production cutbacks, the central bank chief said.

The labor market is also easing from the prior tight conditions, he observed.

Mieno, however, gave no indication of a further monetary easing in the near future, and reiterated his argument that the current slowdown is part of the process of shifting the economy to a sustainable growth after several years of excessive expansion, which sent asset prices soaring.

The central bank is expecting the cumulative effects of the several cuts in the official discount rate since July 1991, combined with the government's recent fiscal rescue package, to help shift the economy into a phase of balanced growth with price stability, Mieno said.

Hata Says Banks Can Handle Bad Loan Problems

OW0109082692 Tokyo KYODO in English 0715 GMT 1 Sep 92

[Text] Tokyo, Sept. 1 KYODO—Finance Minister Tsutomu Hata said Tuesday that Japanese financial institutions can overcome their bad loan woes through steady and serious efforts.

Speaking at the annual conference of life insurance companies, Hata said financial institutions are facing "unprecedented harsh" difficulties due to declining internal reserves and growing bad loans following the burst of the "bubble" economy, which sent stock and land prices plunging.

But he stressed the fundamentals of the Japanese financial system are much stronger than at any time in the past.

"I believe through making steady and serious efforts, the problems can be solved without placing too heavy a burden on the national economy," he said.

In order to help surmount the financial problems, the government announced measures to bail out banks August 18 and an economic rescue package last Friday, he said.

Hata said the package, the largest of its kind with 10.7 trillion yen in fiscal spending on a project basis, includes not only fiscal stimulus but a wide variety of steps to secure stability in the financial system and activate the stock market, he said.

The government will implement the measures in the package "swiftly and adequately," he said.

Government To Disclose Bad Bank Loans in Sep

OW3008050692 Tokyo KYODO in English 0443 GMT 30 Aug 92

[Text] Karuizawa, Nagano Pref., Aug. 30 KYODO—The Ministry of Finance [MOF] is preparing to disclose the bad loans of financial institutions in September, Finance Minister Tsutomu Hata said Sunday.

Hata also said he would urge financial institutions to voluntarily make public the details of their bad loans.

"Compared with the United States and Europe, Japan is said to be lagging behind in making public" bad loans, Hata said at a seminar being held in Karuizawa by the ruling Liberal Democratic Party (LDP).

"Both the government and financial organizations must cooperate and find measures to convince people that a financial crisis would never happen," he said.

But first, he said, it is important for financial institutions to make public their bad loans.

He apparently made the remarks with recent criticism in mind that the 10.7 trillion yen economic package the government unveiled Friday to shore up the faltering economy is intended to help certain industries such as the banking and real estate sectors.

Hata said, however, that the definition of bad loans would have to be standardized before they could be disclosed and that he would issue a notice to financial organizations as soon as he gets recommendations on the matter from a ministry council.

Trade Official Continues To Call For Tax Cut

OW0309092092 Tokyo KYODO in English 0817 GMT 3 Sep 92

[Text] Tokyo, Sept. 3 KYODO—Rokuro Ishikawa, chairman of the Japan Chamber of Commerce and Industry, called Thursday for an income tax reduction even if it requires the issuance of debt- financing bonds.

Ishikawa said at a news conference that the tax cut is indispensable under current economic conditions. If the government is short of funds to make the cut, it ought to issue debt-financing bonds, he added.

Ishikawa had urged the government to include the cut as one of the measures in the government's emergency economy-spurring package announced late last month.

He said he will continue making the request, in a bid to gain approval later this year for a tax system revision for the next fiscal year.

But on a possible raise of the current 3 percent consumption tax, Ishikawa basically supported the idea on conditions that income and corporate taxes would be lowered first.

He noted, however, tax hike is impossible under current business conditions, saying it will be too early if the government decides to raise the consumption tax from next fiscal year.

Effect of Economic Package on Land Prices Viewed

OW2808132192 Tokyo KYODO in English 1259 GMT 28 Aug 92

[Text] Tokyo, Aug. 28 KYODO—The government's economic stimulus package, announced Friday, raised hopes of a turnaround for the slumping Japanese real estate industry but also stirred fears of rekindled runaway land price inflation.

The package included plans to expedite purchases of public land for future public works projects and to have banks establish a company for buying up land held as collateral for bad loans.

Shinichiro Takagi, president of Sumitomo Realty and Development Co., said the package could help reactivate slow land transactions.

But other officials said purchases of public land for future public works projects could push up land prices.

A private-sector economist, who asked not to be identified, said the government should not try to cure the scars of the speculative "bubble economy" by creating another bubble.

The bubble, characterized by surging stock and land prices, collapsed in 1990.

An official of Tokyu Land Corp. noted that although land prices in metropolitan Tokyo have fallen, they are still double the 1983 levels.

Miyazawa Not To Intervene in Sagawa Scandal

OW0309111892 Tokyo KYODO in English 1055 GMT 3 Sep 92

[Text] Tokyo, Sept. 3 KYODO—Prime Minister Kiichi Miyazawa said Thursday he does not plan to intervene in prosecutors' investigation of the Tokyo Sagawa Kyubin money scandal reportedly involving a number of politicians.

"It is important to leave it to law enforcement officers to reveal the facts," Miyazawa told public NHK TV.

"I haven't been informed of any special information, and I don't plan to say anything," he said in the interview taped for broadcast later in the day.

In the past week, both ruling Liberal Democratic Party Vice President Shin Kanemaru and Niigata Governor Kiyoshi Kaneko have stepped down in the wake of allegations they failed to report massive political donations from the scandal-ridden trucking firm.

About a dozen politicians, including several former prime ministers and cabinet members, are among those suspected of having received funds from Tokyo Sagawa Kyubin, which merged with other regional trucking firms earlier this year to form Sagawa Kyubin Co.

Miyazawa defended his dogged efforts to persuade Kanemaru to retain his LDP post even after Kanemaru acknowledged he did not report 500 million yen in political funds received from the scandal- ridden delivery service company.

"In many ways (Kanemaru) played an important role, so I couldn't just accept (his resignation) even though the facts of the situation were unclear," he said.

On the economy, Miyazawa expressed confidence that last week's 10.7 trillion yen economic stimulus package will help stabilize the economy.

"From a long-term perspective, I am not worried," Miyazawa said.

Citing the labor shortage, Miyazawa said that he hoped small and medium-size firms would increase investments in labor-saving equipment.

The premier expressed approval of the likely continued fall in land prices, but said measures are needed to stimulate real estate transactions.

On prospects for breaking a deadlock with Russia over a long- standing territorial dispute, Miyazawa indicated that he does not expect any immediate solution.

"It is unnatural that two major countries do not have a peace treaty. We both feel that way, so after some time this problem will be resolved," Miyazawa said when asked to comment on Russian President Boris Yeltsin's September 13-16 visit here.

Japan maintains that it cannot enter a peace treaty until Russia returns four islands off Japan's northernmost island of Hokkaido.

The islands, which are Etorofu, Shikotan, Kunashiri, and the Habomai group of islets, were seized by the Soviet Red Army at the close of World War II.

Miyazawa said Japan's foreign policy should take into consideration the likelihood that the Asia-Pacific region will become the world's most dynamic economic arena by around 2010 to 2015.

"Developments in China ... will have a major impact on world peace and stability. We must take special care of our relations with China," Miyazawa said.

He said he expects Emperor Akihito's visit to China this October will help promote friendly ties.

North Korea

Chinese Barred Entry Due to Alleged Food Riots

OW0309035892 Tokyo KYODO in English 0335 GMT 3 Sep 92

[Text] Beijing, Sept. 3 KYODO—North Korea has barred entry through its northern border with China's Jilin Province since August 25, fueling speculation that food shortages have sparked a revolt in the country, Japanese tourists said Thursday.

According to Japanese tourists returning to Beijing from a trip to the Yanbian Autonomous Region for the Korean minority in Jilin province, Chinese tourists and members of the Korean minority in China were denied entry to North Korea.

The Koreans hold transit visas for cross-border trade and visits of relatives, the Japanese said.

North Korean authorities have not given any reason for the suspension of the transit permits.

The Japanese tourists spoke of widespread rumors in the Yanbian region that there were uprisings in North Korea because of food shortages.

"It is not a direct effect of the establishment of diplomatic relations between China and South Korea, but small-scale riots due to the economic crisis," said a Japanese expert on North Korean affairs in Beijing.

China, a long-standing ally of North Korea, and South Korea signed an agreement in Beijing on August 24 to establish full diplomatic relations.

Committee Denies Funding of ROK Dissidents

SK0309055092 Pyongyang KCNA in English 0450 GMT 3 Sep 92

[Text] Pyongyang September 3 (KCNA)—The South Korean rulers must give up at once the intrigue to connect Kim Nak-chung and other dissident democratic figures with the North in a far-fetched way and repeal without delay the anti-communist "National Security Law", a grave obstacle to North-South reconciliation and reunification, urges the Secretariat of the Committee for the Peaceful Reunification of the Fatherland in its information No. 613 released on September 2.

On September 1, the South Korean "Security Planning Board" announced that it took into custody former representative of the People's Party Kim Nak-chung, his secretary Sim Kum-sop, General Secretary of the Society for the Study of Peaceful Reunification No Chung-son and Chairman of its working committee Kwon Tu-nyong by invoking the "National Security Law" on the suspicion of receipt of a colossal amount of operation funds from someone.

This arrest was made on the basis of a third-rate script conceived too clumsily, the information says, and continues:

It is illogical to abruptly charge them, who had conducted dissident activities through legal lectures from a few years ago, with contact with the North and violation of the "National Security Law".

Judging from the suppression of dissident democratic figures by the South Korean rulers in their abrupt row these days, it is only too clear that the announcement of the "Security Planning Board" is a product of a premeditated plot.

Not much penetration is needed to see what the South Korean rulers seek in this. They intend to find a pretext to suppress the pro-reunification democratic forces which might align themselves against the ruling camp with the approach of the "presidential elections" slated at the end of the year and to prevent reconciliation between the North and the South and prolong the present state of division for an indefinite period by aggravating the North-South relations and bringing them back to the original point of confrontation and mistrust.

With such a clumsy trick they cannot attract the attention of the people nor convince nor frighten them, however.

Japan Denounced for Refusing To Admit 'Crimes'

SK0309115492 Pyongyang KCNA in English 1036 GMT 3 Sep 92

["World Conscience Will Never Overlook Japan's Shameless Attitude""—KCNA headline]

[Text] Pyongyang September 3 (KCNA)—NODONG SINMUN today runs a signed article denouncing the Japanese Government authorities for refusing to admit the mistaken history of Japan full of crimes and to make apology and compensation.

The article says:

For Japan to honestly reflect on her wrong past is the starting point of the solution to the DPRK-Japan relations [passage indistinct] insincere and shameless they [passage indistinct] "comfort girls for the army."

Data and documents proving that the old Japanese Government took away Korean women and made them sex slaves for the "Imperial Army" have been discovered here and there. The criminals directly involved in this problem are admitting and repenting of their crimes. Former "comfort women" are testifying to this fact. Nevertheless, the Japanese Government authorities are not willing to hear their testimonies. They even stated that they "could not confirm" materials on forced drafting. This is the height of shamelessness.

In the "results of investigation," the Japanese Government authorities said "it was confirmed that the government was involved" in the problem of "comfort women for the army." By so doing, they tried to create the impression that the government and the military were passively involved in something done by a third one.

But, the Japanese Government and military were the chief culprits that actively planned, organised, prepared and executed the system of "comfort women for the army."

The Japanese authorities at first claimed that the problem of "comfort women for the army" had been caused by nongovernmental companies. But, they could no more find a way out in the face of irrefutable historical evidences brought to light one after another and at last "admitted" the state's responsibility.

The Japanese Government authorities even refuse to hear testimonies on the "comfort women" problem.

This is an attempt to avoid the solution of this problem.

If the Japanese authorities do not want to meet with stronger protests and denunciation, they must not behave shamelessly but frankly apologize for the "comfort women" problem.

Not only the Korean nation but world conscience will never overlook the smameless attitude of the Japanese authorities.

Officials Meet Foreign Dignitaries at NAM Summit

Yon Hyong-muk Meets Counterparts

SK0309054492 Pyongyang KCNA in English 0447 GMT 3 Sep 92

[Text] Pyongyang September 3 (KCNA)—Yon Hyong-muk, premier of the Administration Council of the Democratic People's Republic of Korea, who was participating in the 10th Non-Aligned Summit met with Indonesian President Suharto, Lao President Kaysone Phomvihane, Chairman of the Supreme National Council of Cambodia Norodom Sihanouk, Senegalese President Abdou Diouf, Iranian President Akbar Hashemi Rafsanjani and Malaysian Prime Minister Datuk Seri Dr. Mahathir Bin-Mohamad in Djakarta on September 1.

That day, Premier Yon also met with Juan Almeida Bosque, vice-president of the Council of State of Cuba.

Kim Yong-nam Meets Delegates

SK0309113292 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 2 Sep 92

[Text] Kim Yong-nam, vice premier and foreign minister, is attending the meeting of foreign ministers of nonaligned nations in Jakarta. On 30 August he met foreign ministers of Iran, Algeria, Maldives, Madagascar, Vietnam, Syria, Mali, Brunei, and New Zealand; the Burkinabe official in charge of external affairs; and Hor Namhong and Khieu Samphan, members of the Supreme National Council of Cambodia.

At the meeting, the delegates talked about the great success achieved by the Korean people in socialist building under the wise leadership of the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il.

They emphasized that the reunification of Korea should be realized without fail by the strength of the Korean people themselves without any foreign force's interference.

Ministry Hosts Reception Marking Ties With Cuba

SK2908054192 Pyongyang KCNA in English 0434 GMT 29 Aug 92

[Text] Pyongyang August 29 (KCNA)—The Ministry of Foreign Affairs Friday hosted a reception on the occasion of the 32nd anniversary of the opening of diplomatic relations between the Democratic People's Republic of Korea and the Republic of Cuba.

Invited to the reception were Cuban Ambassador to Korea Juan Jose Leon Vega and his embassy officials.

Vice-minister of Foreign Affairs Cho Song-pom and other officials concerned were present.

Speeches were made at the reception.

Women Address 'Peace in Asia' Seminar in Pyongyang

SK0209231992 Pyongyang KCNA in English 1506 GMT 2 Sep 92

[Excerpts] Pyongyang September 2 (KCNA)—The third seminar on "peace in Asia and the role of women" was held at the People's Palace of Culture here today.

It was attended by the women's delegation of the North side led by Yo Yon-ku, Presidium member of the C.C. [Central Committee], the Democratic Front for the Reunification of the Fatherland and permanent member of the C.C., the Korean Democratic Women's Union, the women's delegation of the South side led by Yi U-chong, former vice-chairperson of the South Korean Council of Christian Churches and Democratic member of the

"National Assembly," and the Japanese women's delegation including Mutsoko Miki, chairperson of the association of friendship among Asian women, and Sumiko Shimizu, Social-Democratic member of the House of Councillors and secretary general of the Liaison Council of Japanese women for solidarity with Korean women.

Overseas Korean women and women of different strata in Pyongyang participated in the seminar as observers. [passage omitted]

Speeches followed the keynote report.

Delegate Yi Hyo-chae of the South side said the three principles of independence, peaceful reunification and great national unity clarified in the July 4 North-South joint statement and confirmed in the inter-Korean agreement adopted in December last year are the main proposition for the reunification of North and South.

Delegate Miyako Sugeto of the Japanese side said Japan is involved in the history of Korea's division into North and South. She said she was thinking of how to compensate for Japan's responsibility for division.

Sumiko Shimizu of the Japanese side made a keynote report on "Japanese Imperialists' Invasion and Domination of Korea and Postwar Reparation".

She said:

We Japanese would like to deeply think that the direct cause of Korea's division was the colonial domination by the old empire of Japan. We hope that the inter-Korean agreement will be implemented faithfully and concretely and that the division be terminated at an early date.

Turning to the apology and reparation for the colonial rule, she first mentioned the problem of "comfort women for the army" who were drafted under the command of the Japanese emperor.

This was the most vicious act committed by the Japanese imperialists against the Korean people, she said, continuing:

It was a violation of the sex and human rights of Koreans, a destruction of life and humanity, part of the policy of obliterating the Korean nation and an international crime committed by the Japanese army and government in an organised and violent way.

Japan's colonial rule was enforced against the will of Koreans. The Japanese Government must admit it. Delaying the Japan-DPRK talks means committing a second, a third crime and posing a threat to peace and stability in Asia.

The Japanese women will persuade with a self-determined action the government that reconciliation and confidence cannot be built without the liquidation of the colonial rule and will strongly urge it to understand that it is an opportunity of overcoming the past.

In her speech, Choe Kum-chun of the North side proposed to form a joint struggle organisation, such as a measure committee of Korean women in North and South and Japanese women on Japan's invasion of and rule over Korea and postwar reparation in order to wage a struggle to get a clear apology and compensation from Japan for its invasion and domination of Korea, especially the problem of "comfort women for the army."

Yun Chong-ok of the South side said in her speech:

"Apology" made by the Japanese is not a true apology. If they had wanted to make an apology, they should have clarified what kind of crime they committed and when and how many people they killed and where and they should have fully compensated them.

Kim Kyong-ae, a Korean woman in Japan, said in her speech: If the Koreans in Japan are to fully enjoy the democratic national rights, the Japanese Government must sincerely apologize and compensate for its past acts, abandon its hostile policy toward the DPRK. The Korean women in Japan will participate in the joint struggle committee for postwar reparation.

So Chong-sun, general director of the "national women's federation of the South Korean Council of Christian Churches in Japan" said in her speech: The Koreans in Japan and their children are undergoing all sorts of discrimination and sufferings. The Japanese Government must compensate the Koreans in Japan like it has to do for the "volunteer corps" problem.

Yi U-chong, head of the women's delegation of the South side, made a keynote report on "Creation of Peace and the Role of Women".

She said: This historic meeting has been made possible because our women have strong enthusiasm for peace and believe that reunification must be achieved without fail. This is the will of women to create peace.

Referring to the "Ulsa Five-point Treaty" and "comfort women for the army," she said: This is a criminal act of Japan without precedent in the world.

We are striving to achieve reunification and to build a peaceful world in the long run, she said, and continued:

If we are to build a peaceful world, we must understand the realities against peace.

The women in the South side are working for peace.

To make a peaceful future is in the hands of women. The rearrangement of the world order centering on strong countries would create the possibility of developing, centered on state egoism of Japan in Northeast Asia.

We are concerned over Japan's conversion into a military power and a nuclear power. If Japan truly wants to contribute to world peace, she must faithfully liquidate her past wrongs including the problem of "comfort women for the army" and colonial rule as demanded by us.

The speaker called on the Korean women in the North and South and the Japanese women to strive and solidarize with one another for peace.

Shinko Yamaya of the Japanese side in her speech highly estimated the adoption of the joint declaration on the denuclearization of the Korean peninsula between the North and the South. Japan has three non-nuclear principles, but the United States violates the principles by introducing nuclear weapons, she added.

Cho Kum-sun of the North side in her speech called on all women to pool their strength and fight hand in hand to achieve an eternal, durable peace in this land where we live and our posterity will live generation after generation.

Yo Yon-ku, head of the women's delegation of the North side, made a concluding address.

South Korea

Yeltsin's Mid-September Visit Previewed

Moscow's Goals Noted

SK0309102292 Seoul YONHAP in English 0846 GMT 3 Sep 92

[Text] Seoul, Sept. 3 (YONHAP)—Russian President Boris Yeltsin will clarify Moscow's position on the Korean war and the shooting down of a Korean airliner when he visits South Korea Sept. 16, Russian Ambassador Aleksandr Panov said Thursday.

Yeltsin would touch on "the unfortunate incidents" that took place between South Korea and the former Soviet Union during an address to the National Assembly, Panov said.

The ambassador made the disclosure in a question-and-answer session following a speech to a meeting of the Council of Foreign Affairs in a downtown Seoul hotel Thursday morning.

Asked to comment on the establishment of diplomatic relations between South Korea and China, Panov said Russia welcomed it as a positive development.

But he said it represented only 50 percent of a goal which was the attainment of peace on the Korean peninsula through conferences of six nations—South and North Korea, Russia, China, Japan and the United States.

Panov thus indirectly urged the improvement in relations between North Korea and Japan, and North Korea and the United States.

He said the South Korean and Russian Governments have already worked out plans to form a joint economic committee, headed by deputy prime ministers, which will hold the first meeting within a month.

President No Expresses Hopes

SK0209131892 Seoul YONHAP in English 1225 GMT 2 Sep 92

[Text] Seoul, Sept. 2 (ITAR-TASS-YONHAP)—President No Tae-u Wednesday expressed the hope that at a summit meeting with Russian President Boris Yeltsin set to visit Korea in the middle of this month, he would discuss deeply ways to promote peace, security and cooperation on the Korean peninsula.

In an exclusive interview with Evgeny Menkes, ITAR-TASS's U.N. bureau chief who visited Seoul, President No said cooperative relations between South Korea and Russia, just as with the U.S., Japan and now with China, will substantially promote stability and prosperity in the region.

Pointing out that there grows the need of economic cooperation among South and North Korea, Japan, Russia and China, No said the inter-supplementary roles of these countries would contribute much to the development of the region.

President No said that following the end of the cold war, as Russia's and China's integration into the market economy system accelerates, cooperation among Northeast Asian states gradually gains in scope.

The need to broaden economic cooperation among Northeast Asian states arises especially in view of the intensification of the trend of economic regionalization as can be seen in the European Community and the North American free trade zone, he said.

The Korean president said Yeltsin's visit to Korea will serve to strengthen relations of friendship and cooperation between the two countries.

The basic Korea-Russia treaty to be signed during Yeltsin's visit will serve to elevate the two countries' relations, based on such universal human values as freedom and democracy, President No said.

Asked about prospects for Korean unification, No said that during his office of presidency, he successfully carried out the northern policy and thereby laid "external conditions" for unification.

As a result of the South's efforts to promote reconciliation and cooperation with North Korea, he said, the agreement on reconciliation, non-aggression, exchanges and cooperation has been signed between the two Koreas and now discussions have been going on to translate the basic accord into action.

If and when this discussion proceeds successfully and if the two sides sincerely implement the agreement, peaceful unification of South and North Korea would be realized within a short period of time, President No said.

North Agrees on Future Exchanges, Cooperation

SK0309102992 Seoul YONHAP in English 1002 GMT 3 Sep 92

[Text] Panmunjom, Sept. 3 (YONHAP)—South and North Korean officials agreed here Thursday to open an air route between the Kimpo airport and the Sunan airport of Pyongyang for use in future inter-Korean exchanges and cooperation.

At the 7th meeting of the Exchanges and Cooperation Subcommittee of the South-North prime ministers meeting, the two sides also agreed to open the South's Pusan harbor and the North's Chongjin in addition to the two ports each side agreed earlier to open to the other side in exchanges.

The meeting, held at Peace House in the southern area of the truce village, was designed to discuss the wording of an auxiliary agreement in the area of exchanges and cooperation.

The subcommittee decided to have an economic exchanges and cooperation joint commission discuss and adopt a separate agreement on open-account settlement, investment guarantee, prevention of double taxation, and procedures for the resolution of disputes.

In another agreement, the South and the North decided to exchange various industrial information such as industrial standards and statistical figures, and to undertake joint researches and exhibitions.

At Thursday's meeting, the two sides agreed on the wording of 36 articles to bring to 62 the number of the articles of the auxiliary accord whose wording has been agreed on so far. Eight articles remain to be settled.

Among the unsettled clauses were the question of removing statutory and institutional obstacles to exchanges, the issue of whether government authorities should approve exchanges and cooperation projects, and the dispersed family question.

The two sides agreed to have a subcommittee chairmen's contact on Sept. 7 or 10 to continue to discuss the unsettled articles.

North To Permit Foreign Investment in Zone

SK0309103192 Seoul YONHAP in English 1007 GMT 3 Sep 92

[Text] Panmunjom, Sept. 3 (YONHAP)—North Korea has legislated a law allowing 100-percent foreign investment for its initial application to the Rajin-Sonbong free trade and economic zone in the northeastern part of North Korea.

This was known as North Korean officials disclosed it at the seventh meeting of the South-North Exchanges and Cooperation Subcommittee held here Thursday.

A South Korean delegate to the meeting said that the new law, now awaiting ratification, would, according to North Korean officials, be applied to South Korean investors as well.

In other industrial districts like the Nampo light industrial estate, North Korea plans to allow only joint-venture foreign investment, however, the delegate said.

KOTRA Assesses Future Trade With Taiwan

SK0209033992 Seoul YONHAP in English 0258 GMT 2 Sep 92

[Text] Seoul, Sept. 2 (YONHAP)—The severance of diplomatic ties between South Korea and Taiwan will have little impact on trade, the Korea Trade Promotion Corp. (KOTRA) predicted Wednesday.

Exports to Taiwan are expected to grow 25 percent this year to 1,975 million U.S. dollars from last year's 1,690 million dollars despite the threats of retaliation by the Taipei Government, according to KOTRA's study on Korea-Taiwan trade prospects after severance of ties.

Taiwan slapped economic restrictions on Korean exporters after Seoul and Beijing normalized ties Aug. 24 and is turning out more regulations, but they are not likely to gravely affect two-way trade, KOTRA said, noting trade has been expanding and its structure is mutually complementary.

Taipei has abolished quotas for car imports from Korea, suspended talks on agricultural trade, excluded Korean firms from its six-year development plan, stopped giving favors to Korea in international biddings, and is seeking anti-dumping suits.

It is also said to be considering the application of basic tariffs instead of the current privileged rates to Korean goods and introducing tariff quotas.

But KOTRA argued that Taiwan's privileges for Korea extended only to unlimiting Korean bidders in its international projects and the only practical import restrictions could be the anti-dumping suits and introduction of tariff quotas.

Although Taiwanese companies filed anti-dumping suits against Korean high-and low-density polyethylene, it would be difficult for the government to pronounce the products dumping positive as the extent of harm done by the imports was uncertain, KOTRA said.

GATT Director General Visits Seoul

Arrives 2 Sep

SK0309043892 Seoul THE KOREA HERALD in English 3 Sep 92 p 2

[Text] Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (GATT), flew into Seoul yesterday for talks with Korean officials about the Uruguay Round of multilateral trade negotiations.

During his three-dy stay, Dunkel will meet with President No Tae-u and Foreign Minister Yi Sang-ok today and Economic Planning Board Minister Choe Kak-kyu, Trade and Industry Minister Han Pong-su and Agriculture, Forestry and Fisheries Minister Kang Hyon-uk tomorrow.

Also the chairman of the Uruguay Round Trade Negotiation Committee, Dunkel is expected to ask for Korean cooperation for a successful conclusion of the global trade negotiations.

He is now on an Asian tour that includes stops in Japan and Hong Kong.

Meets Foreign Minister Yi

SK0309095492 Seoul YONHAP in English 0529 GMT 3 Sep 92

[Text] Seoul, Sep. 3 (YONHAP)—Foreign Minister Yi Sang-ok met Thursday morning with Arthur Dunkel, visiting director-general of the General Agreement on Tariffs and Trade (GATT), and the two exchanged views on prospects for the Uruguay Round global trade talks, a Foreign Ministry spokesman said.

Yi reaffirmed the Korean Government's position that the trade negotiations should be concluded succesfully at an early stage, he said.

"It is hard to accept tariffication without exception in the agricultural sector, including rice, because of structural fragility of Korea's agricultural industry," Yi told Dunkel.

Dunkel, who is also chairman of the Uruguay Round Trade Negotiation Committee, asked for Korea's cooperation in the negotiations, saying that the global trade talks would be reopened after Sept. 20 for full-dress debate before the November presidential election in the United States.

He flew into Seoul on Wednesday to discuss the Uruguay Round with government officials.

Dunkel was to call on President No Tae-u and then meet with Deputy Prime Minister Choe Kak-kyu and Agriculture, Forestry and Fisheries Minister Kang Hyon-uk later Thursday.

Dunkel is expected to explain to the officials the results of the Uruguay Round talks with the United States, the European Community and Japan, and to ask for cooperation for early conclusion of the global trade negotiations.

The South Korean Government, in response, would promise to make an active effort for a succesful conclusion of the talks on its judgement that the global trade negotiations will be beneficial to Korea and will reinforce the global free trade system, the spokesman said.

Dunkel is now on an Asian tour that includes Japan, Hong Kong and Korea, and is to visit the United States and Spain as well.

The Korean Government did not exclude the possibility of concluding the Uruguay Round negotiations in the Spring of 1993, but was determined to act in concert with Japan and other nations on tariffication without exception in the agricultural sector, government officials said.

Meets President No

SK0309100192 Seoul YONHAP in English 0726 GMT 3 Sep 92

[Text] Seoul, Sep. 3 (YONHAP)—President No Tae-u said Thursday he was expecting an early conclusion of the Uruguay Round global trade talks, with help from the political intentions of the major partners in the negotiations.

Meeting at Chongwadae with Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (GATT), No also said he was concerned that the Uruguay Round had made no headway in the agricultural sector due to a failure to narrow differences between the United States and the European Community, the presidential spokesman said.

"The Korean Government intends to gradually open the agricultural market because rapid opening would bring about socio-political problems like the breakdown of agriculture and massive layoffs as around 17 percent of the total workforce is employed in the agriculture-fisheries industry," No told Dunkel.

"South Korea has held progressive positions in every sector, as far as conditions permit, and is making its efforts steadily to open its agricultural market."

No gave Dunkel his word that the government would do its utmost to contribute to the success of the negotiations and believe the Uruguay Round would be concluded successfully, the spokesman said.

No emphasized the urgency of efforts to prevent economic regionalism from developing into protectionism, saying successful conclusion of the Uruguay Round was a prerequisite to the effort, he added.

Infantry To Be Included in Peacekeeping Forces

SK0209121092 Seoul YONHAP in English 0750 GMT 2 Sep 92

["News analysis" by Yi Tong-min]

[Text] Seoul, Sept. 2 (OANA-YONHAP)—The South Korean Government ended nearly a year-long dilemma on its participation in U.N. Peacekeeping Operations (PKO) Wednesday by deciding to include infantry in its contingent.

The decision still requires approval by the president, which is practically guaranteed, but will bypass the National Assembly since it does not yet involve the dispatch of forces.

Government and DLP [Democratic Liberal Party] officials played down the decision, saying the only immediately required action was sending back a U.N. questionnaire on the size and format of the PKO contingent South Korea is willing to dispatch when needed.

But they are too modest considering the three government-ruling party consultations since early last month, when they had already decided on sending out 36 military observers and 154 medical support staffers.

Wednesday's decision calls for including 540 fighting soldiers among them. The Defense Ministry insisted the contingent should include an infantry battalion and suggested sending a special combat unit.

Oppositionists pointed to public concern and claimed that sending foot soldiers might result in deaths.

Moreover, such an action would justify Japan's dispatch of foot soldiers to the PKO, negatively influence confrontational inter-Korean relations, weaken justification for the U.S. military presence in South Korea, compromise national security capability and bring a financial burden, they said.

The main opposition Democratic Party immediately issued a statement denouncing Wednesday's decision, foreboding a serious clash when the National Assembly votes on it at the time of their actual dispatch.

But the government reasons that PKO participation is meaningless without sending infantrymen.

The ministry recalled the Gulf war, where South Korea made contributions in money, equipment and transport assistance but failed to make any impression with the allied forces.

Government and DLP officials list another reason—it is good for South Korea as a U.N. member, and especially as a nation that benefitted immensely from the U.N. forces during the Korean war, to actively participate in the United Nations' global peacekeeping efforts by including foot soldiers in the contingent.

PKO participation is different from the Vietnam war or the Gulf war, they say. PKO forces involve themselves in non-combat responsibilities in a state of cease-fire and immediately withdraw at a resurgence of conflict.

South Korea can always decide not to send the foot soldiers, depending on conditions of individual cases. The 61 countries already acting in the PKO formed their contingents around infantry battalions, they say.

Rebutting claims of possible weakening in national security capability, the officials said pulling out a 540-man battalion will not affect military strategy.

Although it is true that South Korea can always decline to send the soldiers, telling the United Nations that South Korea is willing to dispatch them is the kind of substantial commitment that jeopardizes a country's international credibility when it is broken.

Ministry sources said the government was seriously considering sending a special combat unit to the PKO.

The contingent members will receive a salary and special allowances from the South Korean Government. Commissioned officers will get an additional 2,000 U.S. dollars a month from the United Nations and the others an extra 1,500 dollars through the South Korean Government.

The ministry initially hoped to send the first PKO mission to Cambodia, since it is in the Asian region, but the possibility is now slim since the U.N. PKO force for Cambodia has been already completed and because of Cambodia's close ties with North Korea.

Military Inspectors Study Manpower, Organization

SK0209041392 Seoul THE KOREA TIMES in English 2 Sep 92 p 3

[Text] The Armed Forces Special Inspection Group started yesterday to inspect manpower, and organization in the three service branches—the Army, Navy and Air Force—and units under the ministry's control in what is regarded as the largest such inspection conducted since the founding of the nation's Armed Forces.

A ranking official said that the ministry undertook the inspection in search of ways to trim the defense budget by slimming manpower, and merging or abolishing overlapping organizations.

The inspection, the official noted, differed much from previous ones undertaken partially on manpower of the individual service branches and logistics or intelligence units in terms of its nature and intensity.

The special inspection team is commanded by Army Lt. Gen. Pak Chae-hwa.

The official explained that the ministry had launched the massive inspection designed primarily to check and assess correctly whether or not the military manpower and organizations might contain any "spendthrift factors."

The ministry will apply a sharp surgical scalpel to military organizations and manpower deployment based on the inspection results, he added.

Defense Minister Choe Se-chang, a senior inspector said, directed the special inspection group to make a substantial review of manpower and organization so that visible outcomes might be produced.

The inspector added that the top defense official also advised the chiefs of the service branches and independent units to positively respond to the inspection.

Officers, noncommissioned officers (NCOs) and civilian employees of the units, which are to undergo the inspection, turned in to the inspection group descriptions of their respective daily tasks, work loads and job specifications Monday.

Meanwhile, there have been pros and cons on reduction of the defense budget ever since the consecutive collapse of the former Soviet Union and its East European allies put a period to the long cold war.

The annual defense spending of South Korea accounts for in the neighborhood of 4.6 percent of its yearly gross national product (GNP).

Those who argue for slashing of the defense expenditure assert that the government should take appropriate measures to cut back on as much spending as possible in the military modernization program now underway, pointing out that too many defense industries overlap.

They urged that the ministry awards contracts for one weapon or an item of equipment to one defense contractor to save defense expenditures by avoiding overlapping contracts.

Burma

SLORC Said Continuing Offensive in Karen State

BK0309035292 (Clandestine) Democratic Voice of Burma in Burmese 1430 GMT 3 Sep 92

[From "News in Brief" program]

[Text] The SLORC [State Law and Order Restoration Council] has spread propaganda that it has suspended its military offensive in the Karen State. However, it is continuing its military operations in the southern and northern parts of Papun.

The SLORC named its operation in the southern Papun as Operation Kya-in, involving the 81st, 82d, and (?16th) Tactical Commmands. Two tactical commands are deployed in the northern Papun campaign.

KNU [Karen National Union] attacked and overran the camp of the 2d column of the 53d Infantry Regiment stationed at (Htilekhi). Continuous battles were fought from 25 July to 11 August during which many SLORC mercenaries were killed.

According to incomplete reports, altogether 89 soldiers, among them many (?commanders), were killed and 87 were wounded during these battles. Nine from the KNU were killed and 42 were wounded. (?Four) heavy weapons, 225 rounds of heavy weapon ammunition, 17 light weapons, and over 5,000 rounds of light weapon ammunition, 19 mines, one field glass, one 60-mm [no further specification given], one map, two manual generators, over 1,000 baskets of rice, and other food supplies and military equipment were seized from the enemy during these battles.

The SLORC deployed fighter planes for bombing during the campaign and it is continuing the offensive. They have opened another tactical command and are continuing the campaign.

Authorities Seize Heroin at Mandalay Station

BK0209145592 Rangoon Radio Burma in Burmese 1155 GMT 2 Sep 92

[From the "News in Brief" program]

[Text] Preventive measures, suppressive activities, and legal actions have been taken against illegal narcotic drug trafficking and narcotic drug users under Operation Tagun Phase 5.

A combined team of military intelligence personnel, special branch people's police force members, and a railways people's police squad at 1500 on 23 August inspected the No. 55-UP Mandalay-Myitkyina train at Mandalay Central Station and seized 1.45 kg of heroin.

Further Drug Seizures Reported

BK0209145992 Rangoon Radio Burma in Burmese 1330 GMT 2 Sep 92

[Excerpt] Preventive measures, suppressive activities, and legal actions have been taken against illegal narcotic drug trafficking and narcotic drug users under Operation Tagun Phase 5.

Thus, at 1930 on 14 August a combined team of military intelligence personnel and special narcotic drug squad members from Lashio People's Police Force seized 10 packets of heroin weighing 3.4556 kg near Lonelaw monastery on Thidalwin road, No. 2 ward, Lashio; at 1700 on 18 August eight packets of heroin weighing 3.249 kg were seized from the house of Daw Khin Htwe Yi of block 704, 33rd street, between 74th and 75th streets, Mawyagiwar ward, Mandalay Northeast Township; at 0630 on 10 August 2.6945 kg of raw opium were seized from the under deck of the schooner Ponnya which was anchored at Bhamo jetty; at 2330 on 8 August 12 packets of raw opium powder weighing 1.1 kg were seized from the house of U Maung Myint of Aungmingala ward; on 26 August 2.2227 kg of heroin were seized concealed in cookie boxes from the second coach of the 132-Down Lashio-Mandalay train; at 0730 on 25 August 117 bottles of Phensedyl in 125 milliliter bottles were seized from the Ngwegyobyu bus, registration no. RD 7929, which was traveling from Ye U to Monywa.

Similarly, special narcotic drug squad members from Kale acting on a tipoff at 1330 on 28 August seized 120 bottles of Phensedyl in 125 milliliter bottles from Layeinsu village in Kale Township, at 2330 on 29 August seized 550 bottles of Phensedyl in 125 milliliter bottles from Moehlaing village in Kale Township. [passage omitted]

Cambodia

Khmer Rouge Demands UNTAC's Akashi To Resign

BK0309040592 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 2 Sep 92

["Petition from the Committee for the Promotion of Democracy and Development of Cambodia in Canada to the UN secretary general"—date not given; read by announcer]

[Text] On 18 August 1992, an organization established by our compatriots in Canada called the Committee for the Promotion of Democracy and Development of Cambodia sent a petition to the UN secretary general. In the petition, they complained about the deadlock in the Paris accord implementation and demanded that Mr. Akashi step down as representative of the UN secretary general and head of UNTAC [UN Transitional Authority in Cambodia].

The following are the contents of the petition:

It is worth recalling the following five important points of the 23 October 1991 Paris peace accord on Cambodia:

1. The Supreme National Council [SNC] is the sole source of authority in Cambodia throughout the transition;
2. The UNTAC will run the five key ministries: Public Security, National Defense, Information, Foreign Affairs, and Finance.
3. UNTAC will verify the withdrawal of foreign forces with their arms from Cambodia and their non-return;
4. Troops of all Cambodian parties must be demobilized, disarmed, and regrouped in cantonments under UNTAC control and supervision; and
5. UNTAC and SNC should jointly organize free, democratic, and fair general elections.

We support the UN Security Council's Resolution 767, requiring that UNTAC civilian areas be rapidly expanded through the abolishment of the puppet regime and the handing over of Cambodia's sovereignty to the SNC, and the verification of the complete withdrawal of foreign forces. We deeply thank the country-signatories of the Paris accord and international community, especially all donor countries which have contributed to its application.

We have followed the activities of the UN secretary general's special representative, Mr. Yasushi Akashi. We are extremely anxious because we have seen that after nine months since the signing of the Paris accord, the issue of the Yuon [derogatory term for Vietnamese] Hanoi invasion and occupation of Cambodia as a colony has not been resolved in the least. The efforts of the signatories of the Paris accord and international community have been blocked because the accord has not been implemented in order of priority. We hold that due to the accord's ineffective implementation, the Cambodian people are now hopeless about seeing a lasting peace and the restoration of an independent and glorious Cambodia.

We would like to point out that Mr. Akashi lacks common sense, courage, far-sight, and political will to perform the task the United Nations has entrusted to him. We do not believe in Mr. Akashi's ability to lead UNTAC to achieve the goals of the Paris accord. We see Mr. Akashi's allowing the Vietnamese settlers to vote as being tantamount to forcing the Cambodian people to accept peace at gunpoint. We also condemn Mr. Akashi's electoral bill because it endorses the Yuon Hanoi aggressors' policy of Vietnamizing Cambodia and it will make the Cambodian people become non-Cambodian.

We believe Mr. Akashi's goal is to sacrifice the Cambodian people for the economic interests of Japan, which wants to have the markets of the Vietnamese expansionists. The international community's contributions have also been misused through the distortions of the Paris accord. We will never accept to die under the yoke of the Vietnamese colonialists. We want freedom, independence, and justice. We are present throughout the world, and we demand our rights to vote as Cambodian citizens. We will register at the Big Five's embassies and consulates in the countries where we are living. If no urgent measures are taken, the current situation in Cambodia will develop into a tragedy.

In view of the above, we demand that Mr. Akashi resign as the special representative of the UN secretary general and UNTAC head.

Hun Sen Discusses Implementation of Accord

BK0109080392 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 1 Sep 92

[Text] On the morning of 28 August, His Excellency [H.E.] Hun Sen, vice chairman of the Cambodian People's Party [CPP] Central Committee and chairman of the State of Cambodia's Council of Ministers, received (Louise Pressett), Canadian ambassador to the United Nations, who was paying him a courtesy call.

H.E. Hun Sen highly valued the ambassador's visit to Cambodia saying that it is very important for peace in Cambodia. He also talked about the implementation of the Paris agreement in the past 10 months and said the CPP and the State of Cambodia Government have persisted in implementing the agreement correctly, in order to find real peace for the Cambodian people. On the contrary, the Khmer Rouge have not only refused to implement and abide by the Paris agreement, they also want to prolong the war and the Cambodian people's suffering.

(Louise Pressett) thanked H.E. Hun Sen for spending his valuable time in helping her to further understand the implementation of the Paris agreement in Cambodia.

Hor Namhong Sends Greetings to SRV Counterpart

BK0209065592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 2 Sep 92

[Text] On the 47th anniversary of the SRV's August Revolution and national day, His Excellency Hor Namhong, foreign minister of the State of Cambodia, conveyed a message of greetings to his Vietnamese counterpart, His Excellency Nguyen Manh Cam.

The message read: On this happy occasion, I wish the Vietnamese people under the leadership of the Communist Party of Vietnam new, still greater successes in the implementation of a reform policy and the socioeconomic plan, which have already bore fruit.

We firmly believe that the existing relations of friendship and cooperation between our two countries will respond to the interests of our peoples and create stability in the region.

Ceremonies Held To Release Troops Temporarily

BK2908115792

[Editorial report] Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian at 1200 GMT on 28 August carries a 25- minute report on ceremonies presided over by "Defense Minister Tie Banh and his aides, including

Ke Kimyan, Pol Saroeun, Nuon Sok, and Chhay Sangyun, to allow a number of officers and rank and file to temporarily return to civil life."

The announcer says that on 25 August, "His Excellency [H.E.] General Tie Banh, member of the Standing Committee of the Cambodian People's Party [CPP] Central Committee, vice chairman of the Council of Ministers, defense minister, and member of the Supreme National Council [SNC], accompanied by three-star Lieutenant General Meas Sophea, deputy chief of the Army General Staff," and other officials attended a ceremony "to allow 74 officers and troops of Kampot Province's armed forces to return to civil life temporarily." Also present at the event were Tit Ream, member of the CPP Central Committee and chairman of Kampot Province's party committee; Colonel Ung Vanarit, commander of the provincial army; and commander of the UNTAC [UN Transitional Authority in Cambodia] force and UNTAC administration chief in the province.

The announcer continues by saying that on 25 August, "Gen. Ke Kimyan, member of the Standing Committee, first deputy defense minister, and chief of the General Political Department of the Cambodian People's Armed Forces [CPAF]," presided over a ceremony "to allow 651 officers and combatants to temporarily return to civil life" at the headquarters of the 2d Military Region. Also attending the gathering were three-star Lt. Gen. (Mak Chuon), deputy chief of the Army General Staff and commander of the military region; India's Lt. Gen. (Gadel), commander of the UNTAC force; and many other officials.

And on the same day, the announcer adds, "Gen. Pol Saroeun, member of the Standing Committee of the CPP Central Committee, deputy defense minister, and chief of the CPAF General Staff," participated in a ceremony "to allow 1,040 officers and combatants at the headquarters of the 4th Military Region to temporarily return to civil life." Also present at the meeting were three-star Lt. Gen. Long Sopheap, commander of the 4th Military Region; Leng Vi, deputy chairman of the people's committee in Siem Reap-Oddar Meanchey Province, and Widyono, UNTAC head in the province.

The announcer further says that on 22 August, a ceremony was held at the command of Division 5 "to allow 215 officers and rank and file to temporarily return to civil life." Present a the gathering were "three-star Lt. Gen. Chay Sangyun, member of the CPP Central Committee and deputy defense minister of the State of Cambodia;" Khieu Horl, vice chairman of the people's committee of Kompong Thom Province; Brigadier General Srei Bot, commander of Division 5; Brig. Gen. Meas Eng, chief of the division's political department; commander of the UNTAC force in Zone 5, and a great many people.

On 24 August, the announcer adds, at the naval base of Boeng Tonle Sap, a ceremony was held to allow "818 officers and combatants to temporarily return to civil life." Attending the event were "three-star Lt. Gen. Nuon Sok, deputy defense minister; Brig. Gen. Mao Chhin, chief of the Army Organizational Department; Rear Admiral Nuon Sokchhoeun, commander of the 96th naval unit;" representatives of the UNTAC forces, and other officials.

The announcer concludes by saying that a ceremony was recently held at the headquarters of Takeo Province's armed forces "to allow 1,049 officers and combatants to temporarily return to civil life." Participating in the meeting were "Lt. Gen. Preap Tan, deputy chief of the CPAF General Political Department; So Phirom, member of the CPP Central Committee and chairman of Takeo Province's party committee; Brig. Gen. Mao Chhem, commander of the 3d Military Region; commander of the UNTAC forces in Zone 6 and his aides, and Col. Prum Bunthan, commander of Takeo Province's armed forces."

Indonesia

U.S. Groups File Unfair Trade Petitions

BK0209153392 Jakarta ANTARA in English 0932 GMT 2 Sep 92

[Text] Jakarta, Sep 02 (ANTARA)—Indonesia is facing allegations of unsound trade practice from U.S. industrial circles and private institutions again.

A U.S. private organisation calling itself "Asia Watch" has filed a petition to the U.S. Government in protest against Indonesia's breaching of labourers' rights as shown by the low wage of the country's labourers, said Halida Miljani, Director of Foreign Trade Relations, here on Tuesday.

The "Asia Watch" has asked the U.S. Government to cancel the Generalized System of Preference facility granted by the U.S. to Indonesia.

Another petition has been filed by a pencil manufacturing industry which has considered Indonesia's Government's recent imposition of export tax on logs a form of subsidy to timber processing industries.

"They have asked their government to impose a countervailing duty on Indonesia's exports of processed timber products," Halida said.

Halida said that the recent imposition of export tax on logs was actually intended for protecting the forests, increasing the added value of the country's exports and intensifying the development of industries to increase employment.

In response to the two petitions, Minister of Trade Arifin M. Siregar said that "Our success in increasing our export market share has caused producing countries to feel threatened and then launch allegations of dumping or unsound trade practice to maintain their position in trade."

The allegations are the risks of being successful, Arifin Siregar said.

The trade minister said that the allegations would be discussed in bilateral talks.

"The allegations that Indonesia is practising dumping and ignores labourers' rights have so far never been proved true," he said.

Alatas Agrees to E. Timor Talks With Portugal

LD0309043692 Lisbon Radio Renascenca in Portuguese to Europe 1800 GMT 2 Sep 92

[Text] Portugal and Indonesia will start talks on the situation in East Timor. The news was given today in Jakarta by the Indonesian foreign minister in an interview to Radio Renascenca. More details from Jakarta with our special correspondent Pedro Adao:

[Adao] After having refused on several occasions to speak to Portuguese journalists on East Timor, Ali Alatas gave in with a new announcement of negotiations between Lisbon and Jakarta, without previous conditions.

Laos

Article Views Relevance of Nonaligned Movement

BK0309091392 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 3 Sep 92

[Feature article by Kho Keoviset: "The Nonaligned Movement Is Not Outdated"]

[Text] Respected listeners, the 10th Nonaligned Movement [NAM] summit, which is scheduled to be held in Jakarta, the capital of Indonesia, from 1 to 6 September is considered a significant event. It will produce an enhancement of solidarity and unification of the movement which will enable it to expand its role in establishing a new world order. In this summit, it is expected that the participants will discuss means of resolving various problems in the world by not following the path of serving any particular group of powers, but by being based on the common spirit of the entire world. In the past, the roles of the NAM and various developing countries in this regard have not been seen as they should have been. The NAM has been seen to support the settlement of various problems by the United Nations for peace, cooperation, and development. But it has particularly supported the efforts of the United Nations, in particular the Security Council, in settling the problems in a democratic way.

There are many more problems to be raised for discussion during the NAM summit, such as the problem of poverty which has arisen from economic blockades, the problem of the implementation of human rights, and others. Indonesian President Suharto has said that the value of various basic principles as well as the goals of the NAM have remained relevant and been maintained since its first summit. Those basic principles and goals include the elimination of old and new colonialism under all circumstances, the elimination of racism, the settlement of disputes through peaceful means, noninterference in internal affairs of other countries, a halt to the arms race, respect for one another's sovereignty and territorial integrity, respect for each country's fundamental rights of self-determination, and the implementation of human rights. The NAM maintains that the new world order can emerge in any form, but not in the form of the new ruling system of the old colonialist administration, which uses strong power to defeat weak power and uses wealth to defeat poverty. In the views of the NAM, the new world order will be unanimously recognized and put into practice only when it conforms to the fundamental principles of the United Nations and when it is on the basis of equal rights and the sharing of responsibility among various nations.

BBC radio, in its broadcasting program on the morning of 12 May, said that, following the collapse of communism in the various countries in East Europe, the NAM has become an outdated organization. In fact, what the BBC has reported is wrong. They may see that the NAM's objectives run counter to the rights and interests of a number of [word indistinct] superpowers, because the NAM is composed of most poverty-stricken countries which are striving to develop themselves. Besides, the NAM comprises the countries which have been economically blockaded and isolated, such as Libya, North Korea, and Cuba. In the recent past, the NAM has raised problems in this regard in opposition to the West. There are also some other crucial problems in the world, such as the Middle East problem, the Yugoslavia problem, and the Cambodia problem, which will be attentively discussed during this summit by the NAM in accordance with its roles and responsibilities.

After the ministerial-level plenary meeting of the NAM Coordinating Committee in Bali, Indonesia, accepted the PRC as a NAM observer in the middle of last May, the head of the PRC delegation said in his speech: With the new change in the situation, the various basic principles of the NAM still require implementation and their value has continued to be very relevant and significant. Colonialism has been eliminated, but the political influences of the superpowers have continued. Despite the expansion of the world's science and technologies and the wealth of materials at the service of society, the world's people in general, especially those in developing countries, are still facing serious economic difficulties in their daily life. Generally speaking, the main, basic objectives of the NAM, such as peace and development, which have been adopted for mankind, have not yet been fulfilled.

In the new stage, the NAM is prepared to face various trials arising from the new changes in the world situation. It is believed that the NAM will actively make efforts to contribute, in a progressive manner, to the establishment of the new, suitable world order, which can bring about independence, peace, justice, civilization, and happiness for today's world community.

Leaders Greet SRV Counterparts on National Day

BK0209035792 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 2 Sep 92

[1 September joint greetings message from Kaysone Phomvihan, chairman of the Lao People's Revolutionary Party and state president; Nouhak Phoumsavan, chairman of the Supreme People's Assembly; and Khamtai Siphandon, prime minister of the Lao People's Democratic Republic, to Do Muoi, general secretary of the Communist Party of Vietnam Central Committee; Vo Chi Cong, chairman of the Council of State; Vo Van Kiet, chairman of the Council of Ministers; and Le Quang Dao, chairman of the National Assembly of the SRV, on the occasion of the 47th anniversary of the SRV's national day on 2 September]

[Text] On behalf of the Lao People's Revolutionary Party [LPRP], the National Assembly, the government, and the people of Laos, we would like to convey warm salutations and best wishes to you, comrades, and through you, to the Communist Party of Vietnam [CPV] Central Committee, the Council of State, the Council of Ministers, the National Assembly, and all fraternal people of Vietnam.

Over the past 47 years, the Vietnamese people have passed through the path of difficult struggle and furious trials and have won glorious victories in liberating and unifying the nation as well as in building and defending their beloved country. In recent years, promoting and expanding their profound patriotic spirit and traditions of industriousness, perseverance, and creativeness, the heroic Vietnamese people have achieved a significant, initial success in comprehensively carrying out the renovation cause in a principled manner in accordance with the resolutions of the Sixth and the Seventh CPV Congresses. Serious difficulties in the economic and social fields have been initially settled. Along with the development of the business production of various economic sectors, the people's rights to ownership of the country have been enhanced through the extensive implementation of the democratic system and the change in the political system on the appropriate and firm path. The roles and status of the SRV have been increasingly raised to an ever higher level in the region and the world following the consistent and brisk implementation of the correct foreign policy. Foreign investments have also increased following the broadening of foreign relations. All these have contributed to guaranteeing the political stability. They have also served as a firm basis for the party and fraternal people of Vietnam to continue to march forward to achieve the goal that they have chosen.

We, as well as the entire Lao people, are elated at the initial, significant achievements won by the party, government, and fraternal people of Vietnam. We are also pleased to note that the friendship relations, special solidarity, and all-round cooperation between our two countries have been increasingly promoted and expanded. These have been clearly shown through the success of the visit to the LPDR last month by the high-level Vietnamese party and state delegation led by Comrade General Secretary Do Muoi. We highly appraise the success of the visit and consider it a significant step of promoting and flourishing the friendship and special solidarity between our two nations as well as a step to improve and strengthen the all- round cooperation between our two countries to reach a new level of quality and efficiency.

On the same occasion, Comrade Phoun Sipaseut, deputy prime minister and minister of foreign affairs, has also sent a greetings message to Comrade Nguyen Manh Cam, foreign affairs minister of the SRV.

Ministry, French Delegation Discuss Language Use

BK0109100892 Vientiane KPL in English 0903 GMT 1 Sep 92

[Text] Vientiane, September 1 (KPL)—A delegation of the Ministry of Science and Technology headed by its minister Souli Nanthavong and a French delegation headed by Mrs. Catherine Tasca, deputy minister of foreign affairs, in charge of French speaking countries and cultural relations with overseas, discussed here yesterday morning the cooperation in French language use.

The discussion centered on the principal use of French language in many areas such as education, culture, information, radio, television, economy, science, technology, and others.

The two sides were unanimous in continuing the use of French language in the new era, especially the implementation of the achievement of the fourth summit of French-speaking countries.

The Lao PDR [People's Democratic Republic] has been granted permanent membership of the Community of the French-speaking Countries since the fourth summit held in Paris in 1991. Heading the Lao delegation to the summit was President Kaysone Phomvihan.

Being a permanent member of this institute benefits Laos not only in language and culture but also promoting the cooperation in other fields.

The French delegation arrived here on 30 August for a 3-day visit to Laos.

Prime Minister Receives French Delegation

BK0109164192 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 1 Sep 92

[Text] This morning in Vientiane, Prime Minister Khamtai Siphandon of the Lao People's Democratic Republic [LPDR] received a courtesy call from a French delegation led by Mrs. Catherine Tasca, deputy minister of foreign affairs in charge of Francophone countries and international cultural relations. The French delegation has been on an official visit to Laos since 30 August.

On this occasion, she informed the Lao prime minister of the results of the French delegation's visit to the LPDR, particularly on the outcome of their meetings and discussion with their Lao counterparts on work and activities concerning bilateral cooperation in various fields, such as education, culture, economy, and science. Regarding these, she reported that both Lao and French officials concurred that both countries should improve in these fields in a more efficient manner. The prime minister highly praised the visit to Laos of the French delegation believing that the visit will significantly contribute to the promotion of the gradually expanding Lao-French relations and cooperation.

On the same morning, Khamtai Siphandon also received a delegation of the Bangkok Bank from Thailand which was on a visit to Laos.

Philippines

Iraq Seeks Support for Lifting of 'No-Fly' Zone

HK0209024992 Quezon City MALAYA in English 2 Sep 92 p 3

[By Carlito Pablo]

[Text] Iraq sought yesterday support from the Philippine government against the air embargo imposed by allied forces led by the United States.

Salah Eldeen Sulaiman, second secretary of the Iraqi Embassy, submitted a note verbale to the Department of Foreign Affairs describing the move as an act of aggression and interference in its internal affairs the "no-fly zone" set by the US, Great Britain and France in its 32nd parallel.

Foreign Affairs Secretary Roberto Romulo said the government has not yet formulated its position on the issue. "I would rather not give any comment one way or the other at this point," he said.

Romulo is set to fly to Jakarta late today to accept Philippine membership in the Non-Aligned Movement which is holding its summit meeting until Sept. 6.

The "no-fly-zone" purportedly aims to protect separatist Shiite Muslims in southern Iraq from the vastly superior air and ground forces of Iraqi President Saddam Husayn.

Exploratory Talks With Communists 'Went Well'

HK0209152492 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 1 Sep 92

[Text] Former priest Luis Jalandoni, national vice chairman for international affairs of the National Democratic Front [NDF], said the initial discussions between government emissaries and the NDF in The Hague, the Netherlands, went well.

In an interview with DZRH, Jalandoni said the discussions covered the reasons for the armed struggle in the Philippines, and how peace can be achieved in the country. Jalandoni said:

[Begin Jalandoni recording] The atmosphere was open, frank, and cordial, and the presentation of positions by both sides was frank. In the case of the NDF, we stressed the importance of taking up the root causes of armed conflict in the Philippines. [end recording]

Jalandoni presented the four-point position which the NDF will insist is to be included in the peace talks agenda to finally resolve the more than 23 years of insurgency in the Philippines. It includes respect for human rights and international humanitarian law; implementation of genuine socio-economic reforms, including agrarian reform; political, constitutional, and electoral reforms; and a search for solutions to implement the cease-fire in line with mutual amnesty.

[Begin Jalandoni recording] The root causes of armed conflict, including socio-economic problems like land reform, must be given enough attention, and the amnesty, the mutual amnesty on both sides, can be taken up in the latter part of the peace talks. [end recording]

No Preconditions for Formal Talks

HK0309025792 Manila MANILA BULLETIN in English 3 Sep 92 p 10

[Text] The government and the National Democratic Front [NDF] on Monday agreed to hold formal peace talks without preconditions in a renewed bid to end the 24-year-old insurgency in the country.

In a joint declaration signed in The Hague by government emissary Rep. Jose Yap and his NDF counterpart Luis Jalandoni at the end of their two-day exploratory talks, the two sides agreed that "the holding of peace negotiations must be in accordance with mutually acceptable principles, including national sovereignty, democracy and social justice and no precondition will be made to negate the inherent character and purpose of the peace negotiations."

The declaration was signed at the Clingendael Institute, a research and education center on the outskirts of the Dutch capital, and witnessed by Byron Bocar, Coni Ledesma, and Jose Ma. Sison of the NDF and Rep. Eric Singson and Justice Undersecretary Teresita de Castro of the government panel.

Manila Rejects Third-Party Mediation

HK0309025892 Manila PHILIPPINE DAILY INQUIRER in English 3 Sep 92 p 1

[Text] Government officials yesterday rejected suggestions that formal peace talks with communist rebels be held abroad under the auspices of a neutral international group.

Justice Secretary Franklin Drilon and Haydee Yorac, chairman of the newly created National Unification Commission [NUC] said peace talks with the communist-led National Democratic Front [NDF] should be held here with no third party mediating.

At least four senators—Wigberto Tanada, Blas Ople, Rodolfo Biazon and Agapito Aquino—took a similar stand, saying the 23-year communist rebellion "is an internal conflict that should be settled here without external intervention."

Rep. Jose "Apeng" Yap, government emissary, and Luis Jalandoni, NDF representative, agreed in the Netherlands Tuesday [1 Sep] night to a resumption of formal peace negotiations which broke down in 1987 owing to "irreconcilable differences."

The formal declaration signed in the Hague, however, made no mention of the place, date and mechanics for the resumption of the talks.

Jalandoni, however, said at the start of the three-day exploratory talks with Yap that the NDF preferred to hold peace negotiations in a foreign country mediated by either the United Nations or the European Parliament.

The NDF is the umbrella group of all outlawed leftist organizations in the Philippines including the Communist Party of the Philippines and its military arm, the New People's Army.

Satur Ocampo, ex-NDF chief who was released Tuesday [1 Sep], has also suggested that the government and NDF allow the United Nations to broker a peaceful settlement of one of the world's last Marxist insurgencies.

"This is a Philippine affair. Things should be sorted out, negotiated and resolved here," Yorac told reporters after she was appointed head of the NUC which shall represent the government in formal negotiations with the NDF.

Drilon, who was also appointed to the nine-man commission, said the government's view "is that the (talks) should be held here."

He added that there can be "no third party" to the talks because the insurgency is "an internal conflict of the Philippines involving Filipinos."

"The government rejects the intervention of a foreign government or a foreign agency (in the talks)," Drilon added.

Otherwise, the justice secretary said the government was "entering the peace process ... without any conditions."

He urged the NDF to do the same.

Drilon said the agreement between Yap and Jalandoni was merely "recommendatory" and that the NUC, once operational, will oversee the entire peace process, including an amnesty program and negotiations with rebels.

President Ramos yesterday signed Executive Order No. 19 creating the NUC.

Drilon said the President has asked Yorac to head the NUC, and that the outspoken official of the Commission on Elections is "90 percent sure" of accepting the job. Yorac has asked for two weeks to wind up her work at the Comelec [Commission on Election].

Aside from Yorac and Drilon, the other NUC members are Defense Secretary Renato S. de Villa, Senators Rodolfo Biazon and Wigberto Tanada, Representatives Jose Yap and Eduardo Ermita, and Dr. Feliciano Carino, chairman of the National Council of Churches of the Philippines.

The ninth NUC member, which would also come from the private sector, has yet to be named.

The NUC, which was given an initial P [Philippine peso] 12-million budget, will be directly under the Office of the President.

Drilon said the NUC has been given the task of drafting a "viable amnesty program" that will lead to a "just, comprehensive and lasting peace" in the country.

He said 53 more "political prisoners" have applied for presidential clemency or temporary release from jail.

He said those who applied were mostly leftist rebels convicted of crimes against the state, and all are detained at the New Bilibid Prisons in Muntinlupa.

Freed Communist Leaders Malay, Ocampo Interviewed

HK0309012892 Quezon City ABS-CBN 2 Television in English 1430 GMT 1 Sep 92

[Interview with released communist rebel leaders Satur Ocampo and Carolina Boby Malay by Loren Legarda—from the "Inside Story" program; place and date not given; recorded; italicized passages in Tagalog]

[Text] [Legarda] We featured a profile on Boby Malay some time ago when she was still incarcerated. We talked to her parents, Dean and Mrs. Armando Malay; her children, Silahis and Andron; and her close friends, Behn Cervantes and Eta Rosales. She then wrote us a letter from her detention cell thanking us for the story and ended it by saying: *I hope I get to know you in freedom.* We met her briefly after that.

Tonight, we talk to Boby as she shares with us her views on peace, on her husband Satur Ocampo, on life.

What do you feel about the government's creation of the National Unification Commission, and its total package of offer of amnesty?

[Malay] I would like to believe at this point that something good, something substantial will come out of the efforts of both sides to try and work out a negotiated settlement of this long-standing problem.

[Legarda] Do you honestly believe in the willingness and sincerity of the government to do so?

[Malay] I am going to go by what they are doing. And as far as we are concerned, since Satur looks set to be freed one of these hours, that sign....[changes thought] It leaves so much room for *catching up*, you know. Because there are 600 other political detainees who equally deserve to win their freedom and, just in Fort Bonifacio alone, there are so many others who are detained, both military and civilians. We would like to see the government make good on its promise to release all political prisoners.

[Legarda] Are you going to help in helping out the other political detainees?

[Malay] Oh, yes. I have that commitment to help win the freedom of all people who are detained for political reasons.

[Legarda] In the president's state-of-the-nation address, the repeal of Republic Act [RA] 1700, the antisubversion law, which in effect legalizes the CPP-NPA [Communist Party of the Philippines-New People's Army], was somehow well-received. What is your reaction to this?

[Malay] Well, personally, I think that the RA 1700 is a law that has long become anachronistic. But given the state of mind that has governed, that has been prevailing in most previous administrations, we can understand perfectly, you know, the frame of mind that they have, which sees anything dissenting to be a communist-inspired plot. As far as I am concerned, it should have been repealed long ago. It should have never been passed at all. But the point is that repealing RA 1700, making the Communist Party legal, is not going to be the solution to the armed struggle, because as long as fundamental responses are not undertaken, or even as long as the masses of the people, ordinary working people, do not perceive government to be working for their interests, whether or not through fundamental reforms, then it is very hard to get started even on solving this problem.

[Legarda] But for a Third World country, impoverished as we are, like the Philippines, what kind of changes are they expecting or waiting for?

[Malay] Basically, as you know, the big problem in our country is poverty. Now, why is there poverty? It's because of the unequal distribution of wealth. It's because there are policies and programs in place that prevent national economic development. I think in a nutshell that would be it.

[Legarda] Is there really a weakening or a demoralization among the ranks of the CPP-NPA, as the military and the government often says?

[Malay] Well, going by press reports, I would say that morale is quite high. I think that there is this repeated assertion that the struggle will go on since the basis for the armed struggle continues to exist.

[Legarda] You were a member of the negotiating panel in 1986. What do you think caused the talks to be stalled? What caused the failure of the peace talks?

[Malay] Well, on two levels, I would analyze it this way. On a very basic level, I think now, on hindsight, the two points of view were too far apart. With the government side insisting on putting the talks within the framework of the 1986 Constitution, and with the immediate end in view of obtaining the surrender of arms; while the NDF side was concentrating or focusing on an agenda that would lead to basic change—fundamental reforms, as I have said. So they were really much too far apart at that point in 1986. And I think that some government officials now agree to that. I think even Senator Enrile thinks that way, that at that time the government was not prepared. Now, I don't know if the government is prepared today.

The second immediate cause of the break-up was, as you remember as well, the massacre of unarmed peasants at a demonstration in Mendiola [bridge leading to Malacanang]. And that was the last straw, so to speak, that caused the two panels to mutually agree that the situation was such that the security of both sides could not be guaranteed any more. You will remember that at that time, the military establishment was very much against the holding of peace talks, and there were threats left and right being bandied and it got to the point that reports were being received already by the government panels that they could not assure the physical safety neither of the NDF panel nor the government panel. And then came this massacre, and that was it.

[Legarda] Now that you and Satur are free, would you help out in the negotiations, in the peace efforts of the government?

[Malay] I don't think that Satur has received any invitation to participate.....

[Legarda, interrupting] If he does?

[Malay] I cannot answer for him.

[Legarda] Would you encourage him?

[Malaya] We are definitely committed to help bring about a peaceful solution to the civil war that is going on. Definitely, we are going to, in one way or another, helping [word indistinct]....

[Legarda, interrupting] Are you going to abandon your cause?

[Malay] No. No. We cannot....

[Legarda, interrupting] How will you pursue it then?

[Malay] We are planning to take up our places in mainstream society. We want to share the space that has been made by the efforts of people's organizations. We must remember that the democratic space that has been won was a product of a long struggle. And, of course, it

must be maintained, it must be defended and enlarged. And we think that we can do our share in doing that.

[Legarda] Boby, what are the terms and conditions of the release of Satur?

[Malay] As far as I understand it, there are no terms and conditions attached to his release. The court ordered the release of Satur this afternoon on the basis that the government prosecutors had withdrawn opposition to his petition for bail. He was released to the custody of his lawyer, Antonio Rosales, and also to Senator Tanada and Senator Aquino.

[Legarda] So what does it mean when he is released to the custody of these three people? They will be responsible for his actions and he should be under the watchful eye of these three people?

[Malay] Well, I think that they accepted the government's request for them to act as guarantors with trust in Satur that he is going to be responsible for himself and that he will appear at all court sessions where he is required to be present. I think Satur made a manifestation this afternoon before the court, saying that he wanted to place it on record that he was protesting against this imposition by the executive of the condition of having a guarantor because, he says, I can very well be responsible for myself.

[Legarda] But he accepted it anyway.

[Malay] Well, it was a condition. The government said there were going to be delays if he refused.

[Legarda] Therefore, his release has a certain condition.

[Malay] Yes. In a sense, you could say that it was kind of coercion.

[Legarda] So, what are your plans now that you are together as a family? What are your priorities?

[Malay] Well, we want to be a family first of all, to become a family for the first time. We haven't lived together with our children for a long, long, long time. And he has promised we will go to concerts and we will go to plays.

[Legarda] You plan to work, of course.

[Malay] Yes.

[Legarda] What kind of work will you be willing to get into?

[Malay] Well, not exactly all that's going to be offered. Any honorable job that's not going to go against our principles.

[Legarda] Apart from caring for your children, going to concerts, what else are you going to pursue? What will your priorities be?

[Malay] I think that Satur has said he has been very much interested in NGO [nongovernment organization] work and he might look into that. But, you know, give him a few days to get his bearings outside.

[Legarda] How much influence do you have on Satur?

[Malay] Well, I guess, like everybody else, you know, we influence each other. We're partners.

[Legarda] Will you and Satur ever go back underground?

[Malay] Well, I can't. You know, conditions can be such... [changes thought] Remember that we went underground the first time because conditions were so bad. There were threats to our physical safety. So I can't guarantee that it won't happen again. But we would like very much to assert our right to live a normal life. I think that's it.

[Legarda] How have your kids Silahis and Anton fared, growing up without parents?

[Malay] Well, I was very pleasantly surprised upon coming home to find these are normal children, normal teenagers. They are normal teenagers, and they don't seem to have very many hangups.

[Legarda] Are they very much politicized like their parents?

[Malay] They are not activists. No. I think they are going to find their own way in the world. We cannot dictate what path they must take. It's for them to determine.

[Legarda] You yourself were released just a few months ago. How has life been? What kind of changes have you seen in your life?

[Malay] Well, it has been a great pleasure to be meeting people again that I haven't seen for 20 years, 25 years, even 30 years. I feel as if I've come back from another world. It's really a great joy to find the warm support of so many people and I feel that my time has not been wasted, that people understand and they sympathize with what we've been fighting for.

[Legarda] How about your friends from the underground movement? What do they feel about your coming out now? Satur has been freed and you are joining the mainstream society.

[Malay] We have had no contact with the underground since my release. But I imagine that they would be as pleased as we are that we are finding our own place in mainstream society.

[Legarda] What are the changes you experienced in your life and what are the plans and directions you plan to take?

[Malay] Yes, family. I would also like to help others understand what this has been all about. And I would like to participate in the great dialogue, the great clearing up of ideas that must take place in our society because I think that that crucial problem confronting Philippine society today is that we are at a loss as to what direction

we are going to take and how we are going to get there. And I would like to participate as one of the many millions of Filipinos in that exercise of democracy.

[Legarda] If you were to do things all over again, would you have it any other way?

[Malay] No. Honestly, no. I have no regrets. It has been a good life. In the last 20 years, I have made great friends with people with whom I would never have had relationships with before. I have known people from the peasantry and from the working class and these are really relationships which have changed my life.

[Legarda] Despite all the pain and struggle?

[Malay] Oh yes, it has been worth it.

[Legarda] After several years of detention, Satur Ocampo, former spokesman of the National Democratic Front, has been released by the Ramos government and was placed under the custody of his lawyer, Attorney Rosales, and Senators Butz Aquino and Wigberto Tanada. Tonight we talk to Satur Ocampo for the first time after his release.

[Legarda] Satur, what are the terms and conditions of your release?

[Ocampo] As I understand, the court ordered my release on recognizance under the custody of my lawyers, Arno Sanidad, Antonio Rosales and Romeo Capulong, and two senators of the Philippines, Senators Wigberto Tanada and Butz Aquino. I think there is no other condition. I am not required to apply for the amnesty package of the government, although I protested that the condition of requiring two custodians outside of my lawyers is already part of that program. I consider that an infringement on the independence of the court, which could have otherwise freed me on its own recognizance.

[Legarda] You would consider that's the only condition for your release, which eventually you acceded to?

[Ocampo] Well, the other condition is that two remaining cases are still not resolved. I am required to appear when the court calls for my appearance.

[Legarda] And you're referring to the kidnapping charge against you?

[Ocampo] And particularly the illegal possession of firearms charge in Makati. They set the hearing in October. The other case, for kidnapping with serious illegal detention, is already pending final decision by the court. The prosecution has rested this case before the elections, and we have filed a motion for dismissal of the case.

[Legarda] Your release has been announced many times over to the media. What caused the delay of all this?

[Ocampo] What also somehow outraged me was the fact that I could have been released either in January or in May this year. But the prosecution, represented by the special military prosecutor, moved for a postponement. And in the meantime, what riled me was that he was trying to convince me to plead guilty to rebellion so I could be freed. Now my contention is that for more than seven years, this prosecutor prosecuted me for rebellion but failed to do so, and then filed four different criminal cases which are nonbailable. He lost already in two and I think he is liable to lose in the other two. So there is no reason for me, whatever justification, to plead guilty to any crime. I am confident that finally, after the court shall have acted on the two remaining cases, I would walk out a free man, a totally free man, unencumbered by any conviction of any crime, except to love the people of the Philippines.

[Legarda] What do you feel right now, the first few hours you taste freedom?

[Ocampo] Well, of course, moments like this are always overwhelming. And going to this place, recalling the romance of the early years before martial law, gives me a new feeling of renewal.

[Legarda] What are your plans now, what are your priorities, what are the things you'd like to do immediately?

[Ocampo] Well, right now, I feel that I would not be able to do as I please because I think for the next few days media people would still be hounding me for statements, for interviews and all this. I think this is all part of the game. But ultimately I look forward to having a quiet dinner with the family for the first time, with my two grown-up children, Silahis and Anton, and the old folks. And then tomorrow I would like to see my mother. She's 82 years old. She's staying with one of my sisters in Pasay. She called up as soon as I came here. She was on the phone so I had to talk to her. It was a great feeling that I was to tell my mother: *I am here. I am free.*

[Legarda] You spent 20 years of your life, the prime years of your life—you are 63 now—either underground or in detention. Would you have it any other way?

[Ocampo] No. I have no regrets with what I went through, except for the fact that of the 20 years, more than half of that, 12 years and a half, were spent in prison.

[Legarda] How was was life inside? Did they inflict any injuries on you, any human rights abuses or violations?

[Ocampo] Well, I underwent one of the most severe tortures the first time I was arrested under martial law. That was on January 14, 1976. For one week I was subjected to all sorts of torture, psychological, physical. And then I was subjected to isolated detention, all told nine months. The second time around, we were in isolated imprisonment with my wife for 22 months. But the second time it was relatively comfortable because we tried to make up for the time that we were occupied with things other than ourselves.

[Legarda] And you've seen your children during that time. Your detention was a chance for you to be closer to them, because when you were underground you hardly saw them grow up.

[Ocampo] Yes. That was one of the good things about my being in a fixed place all the time I was in detention the first time around, because my children were able to see me there while my wife was elsewhere. So it was an occasion for me to reestablish my kinship, the fatherly love for my children which I feel they have maintained, that they have a sense of pride of what I've been through, although they are quite shy facing media when they are asked about us.

[Legarda] What are your views on the amnesty program of the government?

[Ocampo] You know, I have always been very frank in public and with government officials who took time to seek my views on this matter. I am not against an amnesty as a principle. But I think the way things are, the question of amnesty must be situated in context of the peace process which the Ramos government is initiating. If this peace process prospers sufficiently towards formal peace negotiations, and hopefully towards a negotiated political settlement, amnesty would be among the components when the issue of what to do with the armed groups—AFP [Armed Forces of the Philippines], NPA, the arms that are involved—will be dealt with. And that is where the issue.... [changes thought] Whether it will require an amnesty or no more remains to be seen. It is, I think, an impediment to foist an amnesty such as it is now, only a rehash of Executive Order 350 of Cory Aquino, which is very onerous in that it requires the intended beneficiaries of the amnesty to apply and to concede a number of things.

[Legarda] What do you feel are the prospects of the ongoing peace talks in the Netherlands?

[Ocampo] Before the two panels met, I was very optimistic, because Congressman Yap talked to us before he left and he got my views about it. On the basis of my experience in 1986 and 1987, I gave him some advice, particularly that the government must adjust from its very hardline position of requiring surrender first, and the condition of submitting to the Constitution, which were the causes of the stalemate in 1987. Well, I was surprised that in the opening statement, Congressman Yap had then posed the requirement that the NDF must recognize the 1987 Constitution, must recognize the Armed Forces as the only armed forces—which means dismantling the NPA—well ahead of any agenda.

[Legarda] So do you think there will be another deadlock again?

[Ocampo] I hope that would not deter the two panels. Since this is an exploratory discussion, I suppose there will be some concessions from both sides, because Congressman Yap also followed up with a statement saying that he would not give up if there would be a corresponding hard position on the part of the NDF. What is important here in my discussions with [Defense] Secretary de Villa, we agreed that it requires a lot of patience and perseverance because we expect a lot of flak, a lot of hardening of positions, particularly when the issue is being ventilated in media, where both sides make statements that have a tendency to be hardened as the other party responds.

[Legarda] Finally, Satur, will you be giving up your cause completely, or will you be pursuing the cause of the NDF quietly as you go to the mainstream of society?

[Ocampo] I'll say my intention is never to give up my commitment to the people. Whether it is in the name of the NDF or not is another matter. After I was arrested, my links with the NDF had been severed. So I am a man on my own now, although I carry much of the political positions of the National Democratic Front. I am committed to pursue the struggle of our people for total independence—political, economic, social—until the last possible effort that I can exert and the last possible means that will be at my command, and to the last gasp of my breath.

[Legarda] Will you ever go underground again?

[Ocampo] I am determined to fight it out in the open. Now, I don't know if they will try to force me to go underground. But I think I can effectively pursue the objectives without going underground.

[Legarda] Satur Ocampo hopes that the ongoing peace talks in the Netherlands will yield positive results. Satur, in the meantime, will continue to pursue his cause within the mainstream of society.

Thailand

Ministries To Seek Trade Retaliation Measures

BK0309022392 Bangkok THE NATION in English 3 Sep 92 p B1

[Text] Seven ministries have been instructed by the government to review existing laws and regulations which can be used as trade retaliation measures against nations adopting protectionist measures on the import of products from Thailand.

Informed sources said the instruction was given at a meeting yesterday among top officials of the commerce, public health, finance, transport and communications, agriculture, industry and foreign ministries.

The meeting was chaired by Deputy Commerce Minister M R Pridiyathon Thewakun who said that the government is looking for ways of increasing the country's bargaining power.

"Thailand has been bullied all along and has never retaliated. The government does not want to remain at a disadvantage," he stressed.

The apparent "get tough" international trade and investment message was also given in a separate interview by Foreign Minister Asa Sarasin who announced that Thailand has no plans of extending the treaty of amity, which allows certain trade and investment privileges, to any country so that fairness can be maintained.

The Thai government has already indicated to the US that it wants to withdraw from the bilateral treaty of amity since the economic relationship between the two have vastly changed since the Vietnam War era when the treaty was drawn up.

"The review does not mean that the US market, where 22-23 per cent of Thai exports are destined, is not seen as important by Thailand. In fact, the review might lead to a positive outcome. It could be completed within the tenure of this government," Asa said.

Pridiyathon also said that the proposed trade office (like the US Trade Representative Office), which will act as the coordinated trade body between state agencies and where complaints from the private sector can be filed, could be established before the current government bows out.

But he added that there were no conclusions arrived at during the meeting with representatives from the seven economic-related ministries yesterday.

He said the Commerce Ministry has instructed overseas commercial counsellor offices to draw up a list of products entering Thailand. The government might put restrictions on these products should Thai products be acted upon unfairly by importing nations.

Commerce Minister Amaret Sila-on said Thailand wanted to announce to the world that it can act against trade protectionism. He emphasized that the kingdom must have trade retaliation measures to cope with greater protectionism expected from the formation of various trade blocks.

Before, countries which imposed trade protectionist measures against Thai exports were mainly from the European Community and the US. But now, Korea, New Zealand Australia and even the Philippines have imposed such measures.

Amaret said Thailand also wanted to see how effective its trade retaliation measures will be. "We always have a blade in our hands but we have never used it. It may be rusted already. Even if we just throw it (the blade around), it will be better than doing nothing."

Informed sources said each ministry was ordered to collate laws and rulings, such as food and drug regulations, which can be used a trade retaliation measures.

For starters, the government intends to enforce the rules of origin and consumer laws strictly as well a countervailing and anti-dumping duties, quarantine and related law against imports from countries which have adopted trade protectionist measures against Thai products.

Sources said Thai exports grew 13.2 per cent annually from 1980 1990, the world's highest rate surpassing even that of Taiwan an South Korea.

No Conclusion Reached on May Violence Report

BK0209035592 Bangkok THE NATION in English 2 Sep 92 p A1

[Text] The Cabinet yesterday studied the final report of the government committee investigating the political violence in May, but reached no conclusion.

It had been expected that the Cabinet would decide yesterday whether to publicize the report and approve the investigating panel's recommendations calling for legal amendments to prevent similar incidents in the future.

Prime Minister Anan Panyarachun told reporters after yesterday's Cabinet meeting that the issue would be discussed again next week.

"Cabinet members exchanged opinions during today's meeting but there was no conclusion. We will try to settle the issue by next week," he said.

Political Attitudes of Military Viewed

BK3108025592 Bangkok THE NATION in English 31 Aug 92 p A3

["Comment" by Phaisan Chuenprasaeng]

[Text] What happened last week inside the Air Force Auditorium showed that hardline thinking still prevails among military personnel despite the recent dramatic sidelining of armed forces leaders blamed for the Ratchdamnoen massacre.

During the rare meet-the-politicians forum, some 2,000 officers making up the audience obviously thought the military was not to blame for the deaths of people killed during the uprising against the Suchinda government.

The forum was supposed to allow political parties to outline their policies, but the audience used the occasion to grill those whom they believed should also be held responsible for the political bloodbath in May.

Bearing the brunt of the scrutiny were the Phalang Tham, New Aspiration and Democrat parties, the former opposition parties which joined hands in the successful campaign against the Suchinda Administration.

Whenever embarrassing or controversial questions were posed to the party leaders, the auditorium exploded in applause, loud cheers as well as boos and jeers.

The questions revolved around the argument that if protesters had remained at Sanam Luang and had not been egged on to Ratchdamnoen Avenue, the bloodshed could have been averted.

"Had you remained at Sanam Luang for 10 days or 10 months, no problems would have occurred. Why did you try to move the people to Ratchdamnoen Avenue and toward Government House late at night?" one officer asked.

"Will you Phalang Tham, Democrat and New Aspiration parties instigate mobs again if you fail to form the next government?" was another question greeted with an uproar.

"You are accusing the military of being wrong, aren't you? What made us look wrong?"

Some questions reflected genuine curiosity or could have been taken as sincere argument, given the controversial leadership of pro-democracy chief Chamlong Simuang before the first shots were fired. It was Chamlong who led crowds to the first clash with police at Paan Fah Bridge, after weeks of peaceful demonstrations.

But was Wednesday's audience thinking that, in times of rioting or unrest, it is all right for soldiers to kill their countrymen.

Academics, the press and other pro-democracy groups have been working hard to explain that the May rallies were held not because of hatred toward the military, but because some of their leaders were hampering the development of democracy just to serve their vested interest.

The representatives of the Phalang Tham, Democrat and New Aspiration were apparently caught off guard during Wednesday's forum. The obvious hostility dampened any hopes about reconciliation between the so-called "angelic" parties and the armed forces.

Receiving loud cheers was a representative of the pro-military Prachakon Thai Party, which has insisted that the brutal Ratchdamnoen crackdown was a justified means of dealing with "trouble-makers".

What happened in the Air Force Auditorium was disheartening. If institutionalism prompted the boos and jeers, that was understandable. But if the audience really thought that the use of lethal weapons to quell unarmed political dissenters was justified, there are reasons to worry.

"Comradeship" has been glorified in military terms. But outsiders have abhorred the armed forces' explanations of "unity", which has been abused again and again by several groups of coup makers wanting to exert their political control.

When senior army officers came out to defend the military's crackdown on the protesters, many thought they were not reflecting the opinion of the majority in the armed forces. After Wednesday one cannot be so sure that the hard-line stance only exists among some ambitious generals.

Criticism that military officials share a similar mentality because they have passed the same old process of "thinking like soldiers after being taught to be soldiers cannot be taken for granted. It is a matter for worry if the air force officials really believe that "soldiers were just carrying out their duty" to keep law and order during the May 17-20 bloodshed.

On an average, air force officials are better educated than their army counterparts. If the air force men cannot be convinced that the military had no right to kill the people, forget about plans to "educate" lowranking army soldiers.

Worse still, the hard-line mentality seems to be pervading rural areas where access to information about national events has been largely through military channels. Many villagers are actually thinking that the Ratchdamnoen shooting was justified because "people were burning buildings".

However, the representatives of the Phalang Tham, New Aspiration and Democrat parties have to blame themselves as well for the treatment they received on Wednesday. The politicians appeared to be too eager to please their audience to be straightforward during the campaign session.

None of them pointed out that moving of the demonstrators was one thing, and shooting them was another. Neither did the politicians say whatever "provocations", the bloodbath would not have taken place had those holding automatic rifles not opened fire.

Instead of trying to win respect from the air force officials, the politicians at the discussion turned to one another, drawing more insults on themselves.

To the question why the demonstrators were moved from Sanam Luang, Democrat candidate San Sathirabut took the opportunity to attack the Phalang Tham Party. Sanya said the Democrats, unlike Phalang Tham, had stopped their protest after all political parties agreed to amend the Constitution to rid the military of its political influence.

Phalang Tham's Krasae Chanawong then retaliated that the Democrat Party just wanted to "take all and give nothing".

Trade Figures for First Half of 1992 Reported

BK3008084692 Bangkok Radio Thailand Network in English 0000 GMT 30 Aug 92

[Text] Thailand's export value during the first six months of this year amounted to 392 billion baht, representing an increase of 17 percent over the same period of last year. Commerce Minister Amaret Sila-on said during January to June the country's import value totaled 490 billion baht, an increase of 1.6 percent. The minister said Thailand's trade deficit during the six-month period would drop by 33.5 percent, or 98 billion baht.

He said the total export value for 1992 is expected to be about 852 billion baht, about 8 billion baht lower than the original projection. The import value for the whole year is likely to reach 1,065 billion baht, resulting in a trade deficit of 213 billion baht. The deficit will be lower than the original projection of 250 billion baht. The minister said the Export Development Committee had told the Ministry of Finance to speed up its tax restructuring plan. It also called

for import tax exemptions on raw material for such major items as gems and jewelry, textiles, and footwear components.

Vietnam

Hanoi Said To Invite Official Israeli Delegation

TA0209124492 Tel Aviv DAVAR in Hebrew 2 Sep 92 p 1

[Report by Hemi Shalev]

[Text] For the first time in its history, the Vietnamese Government has invited an official Israeli delegation to visit its capital and discuss issues pertaining to the relations between the two countries. In a message recently received at the Foreign Ministry in Jerusalem, the Vietnamese asked that an official delegation of mid-level officials come for a visit in Hanoi by the end of this year.

The Vietnamese authorities stressed that at this stage they do not intend to discuss the establishment of full diplomatic relations between the two countries and will only deal with developing economic and trade ties. Jerusalem observers believe, however, that the fact that Vietnam is willing to receive an official Israeli delegation signals the beginning of a process that will lead to the establishment of relations.

Funeral Committee for Vice President Named

BK0209104492 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 Aug 92

[Text] The funeral committee for Mrs. Nguyen Thi Dinh includes:

1. Comrade Le Quang Dao, vice chairman of the Council of State and chairman of the National Assembly is head of the funeral committee;
2. Comrade Nguyen Huu Tho, vice chairman of the Council of State and chairman of the Vietnam Fatherland Front [VFF] Central Committee Presidium;
3. Comrade Vu Oanh, member of the party Central Committee Political Bureau;
4. Comrade Truong My Hoa, secretary of the party Central Committee and president of the Vietnam Women's Union;
5. Comrade Nguyen Khanh, member of the party Central Committee and vice chairman of the Council of Ministers;
6. Comrade Vu Mao, member of the party Central Committee, member of the Council of State, and director of the Office of the National Assembly and Council of State;
7. Senior Lieutenant General Nguyen Trong Tuyen, member of the party Central Committee and deputy minister of national defense;
8. Comrade Pham Van Kiet, vice chairman and secretary general of the VFF Central Committee;
9. Comrade Truong Tan Sang, member of the party Central Committee and acting chairman of the Ho Chi Minh City People's Committee; and
10. Comrade Nguyen Xuan Ky, member of the party Central Committee and secretary of the Ben Tre provincial party committee.

The remains of Comrade Nguyen Thi Dinh will lie in state at the Thong Nhat conference hall in Ho Chi Minh City.

A ceremony to pay last respects to Comrade Nguyen Thi Dinh will begin at 0800 [0100 GMT] on 30 August. A memorial service will be held at the Thong Nhat conference hall at 0800 [0100 GMT] on 31 August. The burial will be at the Ho Chi Minh City cemetery on the same day.

In Hanoi, a ceremony to pay last respects to Comrade Nguyen Thi Dinh will begin at 0800 [0100 GMT] on 30 August at the headquarters of the VFF Central Committee.

Doan Khue Attends Army Youth Congress Opening

BK0209135792 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 27 Aug 92

[Text] The fourth all-army congress of delegates of the Ho Chi Minh Communist Youth Union [HCYU] opened in the capital of Hanoi today in conjunction with the commemoration of the anniversary of the August Revolution and 2 September National Day.

Attending the congress were 300 outstanding delegates representing the will, intellect, and talent of youths in the army. These delegates were selected from among the more than 7,500 youth union chapters and more than 2,000 grass-roots youth union organizations in the entire army.

Before the opening of the congress, the delegates paid tribute to President Ho Chi Minh at his mausoleum.

Participating in the opening ceremony of the fourth all-army congress of delegates of the HCYU were Comrade General Doan Khue, member of the Party Central Committee Political Bureau, deputy secretary of the Party Central Committee Military Commission, and minister of national defense; Comrade Ha Quang Du, member of the Party Central Committee and first secretary of the HCYU Central Committee; and Comrade Nguyen Tien Phong, deputy head of the Party Central Committee Mass Mobilization Department.

Also present were the comrade standing members of the Party Central Committee Military Commission and Defense Ministry; heads of various agencies of the Defense Ministry; the comrade secretaries of party committees and directors of political departments in all units of the army; the comrade members of the Youth Union Central Committee Secretariat; representatives from youth union organizations of Hanoi municipality, the Interior Ministry, the border defense force, the Vietnam

General Civil Aviation Corporation, and various important organs of the government; and many correspondents of various news and press agencies in and outside the army.

Senior Lieutenant General Le Kha Phieu, secretary of the Party Central Committee and director of the General Political Department, delivered the opening speech. Next, Lieutenant General Nguyen Nam Khanh, member of the party Central Committee and deputy director of the General Political Department, read a report evaluating the situation of youths and youth-related work in the army during the 1988-92 5-year period and pointing out the guidelines and measures for youth mobilization work in the army in the 1992-97 5-year period.

At the opening session, Comrade Ha Quang Du, member of the party Central Committee and first secretary of the HCYU Central Committee, also delivered a speech noting the results of youth-related work in the army over the past five years.

On behalf of the Youth Union Central Committee, Comrade Ha Quang Du presented to the congress a plaque inscribed with the words: Following their fathers and elder brothers, youths will remain always worthy of the title of Uncle Ho's soldier.

In the afternoon session, Comrade Doan Khue addressed the congress. On behalf of the standing body of the party Central Committee Military Commission and the Ministry of National Defense, he commended youths in the army for their contributions and progress over the past years.

After analyzing the political, economic, and social situation in the world, as well the new changes and progress made by our country's revolution in the recent past, Comrade Doan Khue urged youths in the army to keep on training themselves in all aspects. He said:

Only by actually changing its scope of operations and procedures in a way that suits and truly benefits youths can the youth union in the army be able to satisfy the needs arising from the task of defending the country under the new situation.

The fourth all-army congress of delegates of the HCYU will continue its work until 29 August.

Fall Rice Planting Statistics Detailed

BK0109070592 Hanoi VNA in English 0536 GMT 1 Sep 92

[Text] Hanoi VNA September 1—According to the Ministry of Agriculture and Food Industry, up to August 25 farmers throughout the country had planted autumn rice on 2,830,000 hectares, achieving 77 percent of the plan.

The northern provinces have planted 1.253 million hectares or 98 percent of the plan and the southern provinces, 830,200 hectares or 59 percent of the plan.

The ministry further reports that farmers have harvested 845,000 hectares of summer-autumn rice, or more than 62 percent of the acreage under this crop.

Australia

Keating Criticizes New U.S. Wheat Subsidies

BK0309031492 Hong Kong AFP in English 0229 GMT 3 Sep 92

[Text] Canberra, Sept 3 (AFP)—President George Bush's decision to boost subsidies for U.S. wheat exports sent a wave of resentment through Australia on Thursday, from top levels of government to angry farmers.

Prime Minister Paul Keating said the decision to subsidize sales of 30 million tonnes over the next nine months cast doubt on the U.S. commitment to liberalising world trade.

The move, described by a senior U.S. official as "very aggressive action," was announced by the White House on Wednesday while Bush was campaigning for re-election in South Dakota, in the heart of U.S. wheat-farming country.

"We deeply regret that domestic policy pressures have overriden a U.S. commitment to the pursuit of a less corrupted international trading environment for farm products," Keating said in a statement here.

Primary Industries Minister Simon Crean, who is responsible for agriculture, said the U.S. move could damage Australia's trade relationship with the United States.

He recalled that Bush had promised in a letter to former prime minister Bob Hawke that Australia would get advance warning of moves on subsidies, but said Bush had now presented this country with a fait accompli.

"There is no point giving advance warning if you're going to go ahead and do it," Crean said on national radio.

Bush declared while visiting Australia in January that the purpose of the U.S. Export Enhancement Program was not to hurt Australian farmers, and Crean said it was too early to say how the new subsidies would affect them.

"I don't think we can rush immediately to judgement," he said, but he added that Australian farmers were "entitled to feel angry."

He repeated the official view that the European Community was ultimately to blame for the trade war on cereals.

"The difficulty for us is we get caught in the crossfire," Crean said.

But the opposition National Party, which draws most of its support from rural areas, said the United States was now Australia's "number one trade enemy."

Deputy leader Bruce Lloyd, who holds the Opposition primary industries portfolio, said in a statement:

"The U.S. with these actions has confirmed itself as the premier hypocrite on trade and now maintains double standards unmatched by even the European Community.

"It can no longer claim the EC is the major corrupter of world trade and the principal stumbling block to a successful outcome in the General Agreement on Tariffs and Trade (GATT) trade negotiations."

The Australian Wheat Board (AWB), which markets the 12 million tonnes of wheat this country exports in a good year, said Bush's announcement was at best "stupid."

"It's a little early to see just what the total price effect will be," AWB chairman Clinton Condon said.

"Per tonne subsidies have not been devastating over the last 12 months and unless this initiative means they are going to increase that per tonne subsidy dramatically, the announcement is really just a bad, stupid marketing decision."

But, Condon said on radio, "the Americans have invited the Europeans to retaliate and if that starts another round of price war, yes, it will put tremendous pressure on the market."

The White House said that new subsidies under the Export Enhancement Program (EEP) will cover 1.1 billion bushels of U.S. wheat sales to 28 countries.

The Agricultural Department will release about one billion dollars on sales worth three billion.

"How much per tonne that actually comes down to is what will really affect the market," Condon said.

"India is a commercial market so if there is any EEP given to that market then it will reduce the price that they believe they can buy wheat for and they will buy American wheat if it is cheaper than other commercial wheats available."

The deputy director of the National Farmers Federation (NFF), Philip Eliason, said:

"What is of grave concern to us is the wide number of countries that the Americans have drawn together as targets for EEP initiatives."

Eliason said the nature of the EEP program appeared to [be] changing, as wheat subsidies were extended to more countries and the EEP was applied to more commodities.

"The whole thing is just a demonstration of the hypocrisy with which the Americans approach trade," he said.

Fiji

Ill President To Be Flown to U.S. for Treatment

BK0309040892 Melbourne Radio Australia in English 0300 GMT 3 Sep 92

[Text] President George Bush has authorized the U.S. military to fly Fiji's president, Ratu Sir Penaia Ganilau, for urgent medical treatment.

Sources in Fiji told AUSTRALIAN ASSOCIATED PRESS it was hoped that the 74-year old president could be put on an American plane around midnight tonight, local time.

The U.S. Embassy in Suva says the president will undergo treatment at the Walter Reed Hospital in Washington where President Bush is treated in the event of illness.

Fiji's prime minister, Sitiveni Rabuka, has cut short his current visit to Australia to fly back to Suva where Sir Penaia is officially described as very seriously ill.

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build a large vessel to prepare for entrance, by commiting an actual working unit dispatched to the new company, led by a major executive who will become president of the company" (Naotaka Murasumi, senior executive managing director). In this posting is symbolized the real situation of the securities industry, which is perplexed by reform of the financial system under unfavorable conditions.

Maintains Cautious Posture

It is clear that, if the reform becomes a reality, even if there is some restriction on business, banks will enter securities business one after the other, led by long-term credit banks and trust banks. It will be impossible to avoid intensification of competition in the securities industry. All the more so because of that, leaving aside second-tier and smaller securities companies, which lack strength, such major brokerage houses as Nomura want to actively make use of the opportunity to enter bank and trust business, which they obtained as compensation for the opening of their main business. But, as can be seen in the current personnel changes, Nomura has not changed its cautious posture, saying "it is still at the feasibility-study stage" (President Hideo Sakamaki).

What can be cited first as background is the deterioration of performance accompanying the stagnation of stock prices. Even at Nomura, which was said to be the member of the industry most immune to recession, operating income and expenditures, which is revenue from commissions less expenditures for marketing and management, had a total loss of 16.7 billion yen for April and May 1992. It can be said that it is hardly time to invest huge amounts of money.

To Put Off Savings and Loan Business

In contrast to city banks' networks of abundant domestic offices (Sakura Bank has 606; Kyowa Saitama Bank, 444; and Dai-Ichi Kangyo Bank, 390), Nomura's network of domestic offices, even for its main business, is only 152. In the midst of a harsh earnings envirnment, to build by subsidiaries a network of offices that will equal those of city banks is, in practical terms, impossible. Therefore, Nomura's strategy is to put off such things as savings and loan business, which city banks are developing by making use of their extensive network of offices, and to "limit" the fields it will enter "to the periphery of securities business" (former Chairman Yukio Aida). Specifically, it is citing foreign exchange business by the main securities company and trust business via subsidiaries as leading candidates.

Actually, Nomura has a plan to create a trust subsidiary with capitalization of 20 billion yen and a staff of 80. It is a plan that hypothesized as the scope of its business such things as operation and management of designated nonmoney trusts (fund trusts), in which it would be easy to put its know-how to use, management of tokkin [specified money trusts], and taking custody of investment trusts. But even now, when the bill has passed the Diet, the details of such things as ministerial ordinances are not clear, and it has not been settled whether these businesses can be conducted by a trust subsidiary, so a situation continues of not being able to embark on concrete debate.

Furthermore, if it established a trust subsidiary, the trust banks of big clients would now become rivals. It is judged that Nomura Securities' trusteeship of securities investment trusts pays several trustee banks commissions of slightly less than 10 billion yen a year for such things as management of securities investment trusts totaling 11 trillion yen, but the trust banks pay Nomura Securities itself commissions of about 1.5 times that for such things as commissions for taking stock in trust. It means that, at a time when clear plans cannot be made for revenue after establishment of the subsidiary, and the synergy effect as a group cannot be certain, Nomura cannot draw the kind of blueprint that would stimulate clients.

Consider Scaling Down the Plan

This kind of stalemated situation is the same even for Daiwa Securities Co., Ltd., which had a head start on Nomura. While on the one hand Daiwa Securities established the "Financial Business Section" (now the "Financial Business Department") which will become a trust subsidiary, almost 4 years ago, it has beneath the surface actively dispatched its staff for training at domestic banks. Because Daiwa Securities, which is the second-ranking company in the industry, was viewing precisely the current kind of reform of the system as a chance to redraw the map of the industry.

Some 32 persons are said to be posted to this department at present, including some serving in more than one capacity. For a time the view circulated in industry circles that "it appears that" Daiwa "will create a new company with a staff of 200 people" centered on this unit. But having come to this point, Daiwa, too, is beginning to study scaling down the plan, saying "we will act cautiously" (Hiromitsu Sogame, senior executive managing director). If they make the staff large, the necessity will emerge of expanding capital and creating a setup that can make money by loan revenue in order to guarantee revenue until the business gets on track. At Daiwa, too, they judge that they should avoid excessive investment in this period of stagnant stock prices.

To securities companies, rebuilding their main business is a more urgent task than advancing into new fields. Contrary to the hopes of those around them, it seems likely that it will still take quite a while before securities companies' trust subsidiaries are established and get on track.

[Box, p 7]

Main Businesses Which Securities Companies Want To Enter

Trust Business

Management of specified money in trust.
Management and operation of fund trusts.

Underwriting business for securities in investment trust.
Trust function for the purpose of developing securitization products.

Bank Business

Custody business (such things as safekeeping and accounting of securities).
Foreign exchange business

(Note) Foreign exchange business is wanted for both the main securities company and the trust subsidiary. For the rest, entrance by the trust subsidiary is desired. [end box]

[27 Jun p 4]

[Text] Ministry of Finance Scenario

"Long-term credit banks and banks specializing in foreign exchange will convert to ordinary banks by merging with city banks, regional banks, and so on, and city banks will merge with trust banks and conduct trust business by the bank itself. This new financial era will arrive in five or 10 years without fail." This is how the top executive of a city bank forecasts the future of reform of the financial system.

Banks' Hypothesis of Securities Relief

The Law Related to Reform of the Finance System prepared a framework which makes it possible for long-term credit banks and banks specializing in foreign exchange to convert to ordinary banks. This is because the business content of financial institutions has become homogeneous, so the necessity has weakened to maintain the current laws and finance system which are separate for each business. Moreover, there is also the circumstance of receiving criticism that the fact that all sorts of business types exist within "banks" is difficult to understand overseas. Removing the business-type fences between banks is the MOF's biggest dream after abolition of mutual loan and savings banks. The financial institutions, too, appear to be sensitively perceiving the MOF's enthusiasm toward reorganization of the industry.

But when we probe the true feelings of city banks for instance, in general they are negative toward starting a spectacular drama of merger and reorganization. There is also concern that, if one is not careful, "it is also possible that the matter of the merger would be trifled with, one saying the Ministry of Finance should approve it, another that it should not not." A protracted struggle between the government and the private sector is also expected before the scenario of a reorganization of financial institutions across business types will become a reality.

"The aim of the current Law Related to Reform of the Finance System is to destroy the fences between banks, securities companies, and so on. Still, I hope you will not forget that it incorporated means of relief for smaller banks and securities companies." Thus states an executive of the Ministry of Finance. It is an arrangement which will make it possible for banks and so on to make existing securities houses their subsidiaries by providing over 50 percent of their capital, and for major financial institutions to make smaller financial institutions whose management has deteriorated subsidaries by providing over 50 percent of their capital. This is said to be the hidden-ball play of this law.

The revenue of both banks and securities companies has deteriorated greatly because of the business recession and the stagnation of stock prices. Banks and brokerages all say "it would not be strange for there to emerge in the future a management crisis among smaller financial institutions and second-tier and smaller brokerages." The MOF says "it was necessary to create a framework that could relieve them in such a case."

But in spite of the intention of the MOF, the reaction of financial circles is harsh.

Attack and Defense Over Stock Brokering Business

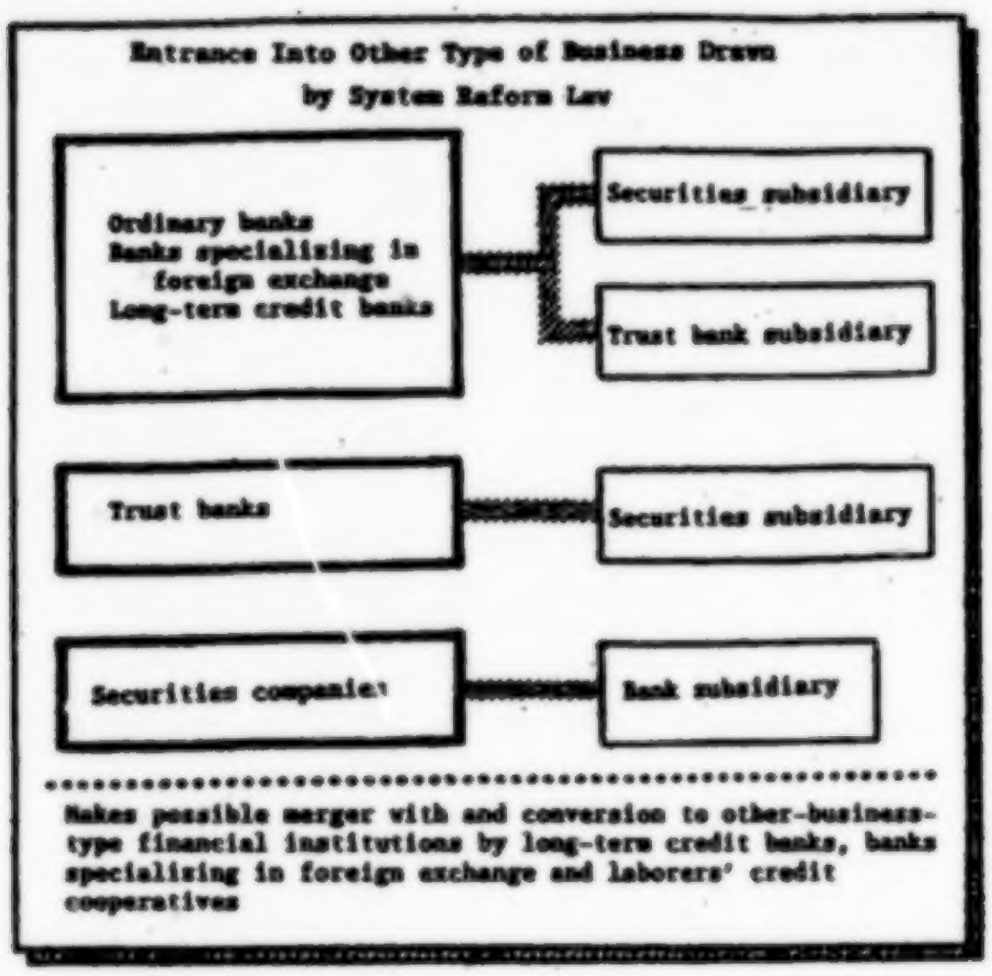
"If a securities firm in our enterprise group or a keiretsu securities company were to get into difficulty, we would help it by making it a subsidiary, but we would not think of going so far as to rescue an unrelated securities firm." Thus speaks the executive in charge of planning for a certain city bank. In addition, he asks, "Is it not independent securities firms where revenue will deteriorate, or rather, where management will become difficult?"

"In order to make it useful in an actual rescue, it is necessary to make it in such a way that a securities firm that was purchased by a bank could continue its business of brokering stock" (top executive of a certain city bank). The bank seeks its own advantage in a rescue because the system reform law incorporates nonapproval for the time being of stock brokerage business by securities subsidiaries of banks.

Industry Reorganization Entwined With Stock

It is MOF policy to approve stock brokerage business when a bank purchases and makes a subsidiary of a securities company whose management has failed. Matsuno, former chief of the MOF Securities Bureau, who retired voluntarily from the Ministry of Finance on the 26th, also said at the lower house Finance Committee at the end of May that "it is possible as an idea." As background to that, it appears that major banks have the aim of preparing a device which can help smaller securities firms, whose management environment is judged to become harsh because of the progress of deregulation. From this, too, can be glimpsed the MOF's enthusiasm toward reorganization of financial circles.

It appears that through the System Reform Law the Ministry of Finance is groping for a route to industry reorganization involving not only the inside of the banking industry but also securities companies. But it is also possible that the difference in intentions with the


Entrance Into Other Type of Business Drawn
by System Reform Law
Ordinary banks
Banks specializing in foreign exchange
Long-term credit banks
Securities subsidiary
Trust bank subsidiary
Trust banks
Securities subsidiary
Securities companies
Bank subsidiary
Makes possible merger with and conversion to other-business-type financial institutions by long-term credit banks, banks specializing in foreign exchange and laborers' credit cooperatives

private sector will surface before that reorganization becomes a reality, so one cannot easily look ahead into the future of financial circles.

[30 Jun p 7]

[Text] City Banks Take Stock of Situation

"It seems as though Sakura Securities is acceptable and Mitsubishi Bank Securities is not." This kind of story has been whispered among financial-institution related people in connection with the naming of securities subsidiaries established by banks. The MOF is negative toward names that give the impression that the subsidary and the bank are a single body, but if it is the "Sakura" of Sakura Bank, it is also fully valid as an ordinary noun, so it passes.

Hasten Reorganization of Keiretsu

But it is said that Sakura Bank "is not yet at the stage to worry about names" (person in charge of planning). Because in the Law Related to Reform of the Financial System which was passed this time the scope of business and content of firewalls for securities subsidiaries are not clear, one cannot get a clear view of the scale or profitability of subsidiaries.

In addition, what is casting a great pall over the strategy of every bank is the influence of the collapse of the bubble economy. Limitations on the range of business, for example, have been expected since the direction of entrance into other types of business through subsidiaries became clear two years ago, so every bank has set up its strategy by hypothesizing all sorts of cases. In contrast to that, the increase in bad loans for banks and the chill on the stock market are changes in environment that could not even be imagined two years ago. Every bank is confronting such close-at-hand deterioration of management as the bank itself and affiliated securities firms, and among them are some banks which are more hard pressed to reorganize their keiretsu securities firms than to prepare for establishing subsidiaries.

At Mitsubishi Bank, they do not hide their bewilderment, saying, "It is difficult to depict a grand dream that combines keiretsu and subsidiaries" (Michio Shiromori, senior executive managing director). At Mitsubishi Bank, the idea is to respond to diversification of corporate fund-raising by a two-horse cart strategy of leaving the business of underwriting corporate bonds to their keiretsu affiliate, Ryoko Securities, and making the underwriting of corporate bonds the main business of its securities subsidiary. But the performance of Ryoko Securities has deteriorated because of stagnation of the stock market, and even expansion of its capital by adding capital could easily become necessary if long-term losses continue, so Mitsubishi Bank says "it is impossible to make positive plans." Actually, the Bank of Tokyo is scheduled to agree to undertake provision of additional capital to Dainana Securities, which fell into management stagnation, so cases have also begun to emerge of keiretsu securities firms placing a burden on banks.

Will Watch the Baton of Administration

"Will it be possible for a bank to do stock brokering if it intentionally causes the management of a keiretsu securities firm to fail?" This kind of view, half in fun, was heard from persons related to banks and securities firms when they saw the "rescue buyout provision" which the MOF had incorporated into the supplementary provisions of the Bill Related to Reform of the Financial System immediately before it was submitted to the Diet. For the time being, stock brokering is not permitted for securities subsidiaries of banks, but according to the "rescue buyout provision," in the sole case of purchasing a securities company whose management has failed, it is possible that the stock-brokering business of that securities company will be permitted.

But Sumitomo Bank says flatly, "a securities strategy predicated on the rescue buyout provision would not be realistic" (Yoshifumi Nishikawa, senior executive managing director), because at present it is completely impossible to guess how that provision will be applied. For the time being, Sumitomo Bank's posture is to support its keiretsu securities firm, Meiko Securities Co., Ltd., devising such rationalization plans as reorganization of its offices, and to watch the lead of administration toward securities companies whose performance has deteriorated.

Yamatane Securities Co., Ltd., whose administration deteriorated because of the "tobashi" [stock shuffling to manipulate prices upward for the benefit of major clients] problem, this spring requested assistance by such things as dispatch of a vice president by Sakura Bank, which is one of its main banks. But Sakura Bank is putting off active assistance for the time being. As the reason for that, Sakura Bank explains that "Yamatane Securities has a strong tinge of independence, so it will

not adapt to becoming a member of a keiretsu" (Tsuneo Ikeda, senior executive managing director).

But some persons related to finance have the view that "the conclusion would have been different had it come before the collapse of the bubble." It is to be expected that, for banks, precisely now, when securities industry circles are troubled by stagnation, is the chance to build new keiretsu. But in the current situation, when the strength of banks themselves has weakened, the response to existing securities firms must also become strict.

Lower-Ranking Banks: "Haste Is Taboo"

The outlook is that establishment of securities subsidiaries by the six first-rank city banks will be done at about the same time. But regardless of the scope of business, most banks plan a small-scale start, with capital of about 10 billion yen and a staff of 30 to 40 persons. The strategy is to keep such fixed costs as personnel costs as low as possible initially, and to respond in a flexible manner to changes in the environment.

It is said that the Bank of Japan is advising every bank that it "should plan an entrance into securities which matches your own strength, without insisting on keeping up with the herd. Among lower-ranking banks, plans to delay the establishment of securities subsidiaries have also surfaced, saying "haste is taboo" (Kyowa Saitama Bank).

Regardless of whether they be higher or lower ranking banks, it seems likely that city banks which devote themselves to the cautious tactic of watching how things go in the initial stage of system reform will be the majority.

Keiretsu and Closely Connected Securities Firms of Major Banks

(Unit: 100 million yen; - indicates loss; number in parentheses indicates rank among 47 comprehensive securities companies)

	Related bank	Ordinary profit for March 1992 period	Rank
Kankaku Securities Co.	Dai-Ichi Kangyo Bank	-495	(47)
The New Japan Securities Co., Ltd.	The Industrial Bank of Japan	-441	(46)
Wako Securities Co., Ltd.	The Industrial Bank of Japan	-157	(43)
Dai-Ichi Securities Co., Ltd.	The Long-Term Credit Bank of Japan	-15	(42)
Cosmo Securities Co., Ltd.	Daiwa Bank	-95	(39)
Meiko Securities Co., Ltd.	Sumitomo Bank	-73	(36)
Shinei Ishino Securities Co.	Sakura Bank	-49	(31)
Maruman Securities Co.	Tokai Bank	-29	(24)
Ryoko Securities	Mitsubishi Bank	-27	(21)
Towa Securities	Sanwa Bank	-19	(16)
Kyokuto Securities Co.	Sakura Bank	-5	(10)
Daito Securities	Fuji Bank	-2	(9)

[2 Jul p 4]

[Text] Thick Barriers Block Entrance to Trust Business

An executive of a certain regional bank grumbled, "Will we really make money even if we go into the trust business?" "Still, as the bank which represents the region, it would not do to not arrange a complete line of products, so...," he continued, as though pulling himself together.

Compared with one period, the interest of all regional banks in trust business has weakened considerably. It is said that around the time when entrance into trust business by regional financial institutions, including regional banks, was approved by the Financial System Research Committee, "trust business was thought to be a golden egg" (top executive of a regional bank). To regional banks, which have deep relationships with big landowners who own land and forests and with local autonomous bodies, entrance into trust business was a "long-held dream."

Several Years for Staff Training

But "it takes several years just to train staff who completely understand the complicated trust business" (top executive of a regional bank); furthermore, trust business lost its great appeal as it became clear that this business was only expansion depending mainly on land and stock. The current situation is one in which "depending on the regional bank, there even exists a consciousness which all but says we will do them the favor of doing trust business" (person related to regional banks).

There are four ways in which regional banks take part in trust business: 1) entrance by the bank proper into "land trusts, charitable trusts, etc."; 2) establishment of trust subsidiaries in the same way as city banks and long-term credit banks; 3) agency contracts with trust banks; and 4) the business tie-up of introducing to trust banks trust items in its region.

Although "etc." was incorporated in the written report, the line by which the scope of entrance by the bank proper is limited to land trusts and charitable trusts is strong. Initially a few of the top-level regional banks were showing interest in trust subsidiaries, but now, even the Bank of Yokohama, which is the top one, is negative toward early establishment, saying "establishment of a subsidiary is a matter for later" (Yoshihiko Ikari, Business Control Department chief).

Trusts Move Toward "Specialization"

A Mitsubishi Trust & Banking Corp. executive and former chairman of the Trust Company Association of Japan, who negotiated with the MOF in connection with the drawing up of the system reform bill, relates that "the revised trust combined-operation law, in practical terms, became a trust bank law." Although the main idea of system reform is the lowering of fences between types of business, it is said that trust business became "specialized." He says proudly that the fact that entrance by regional banks themselves became extremely limited, is also proof that the determined 11th-hour stand by the trust industry succeeded.

The present warfare between regional banks and the trust industry is being narrowed down to the agency contract part.

Chairman Takashi Tanaka of the Regional Banks Association of Japan (president of Bank of Yokohama) appeals repeatedly at each of his regular monthly press conferences "to make as broad as possible the scope of entrance into trust business by regional banks," but persons related to regional banks explain this, too, as "a checking move to cause them to approve as much entrance into business as possible by agency business." Actually, it is a "tactic" which saw broad entrance by banks themselves as difficult.

For the trust industry, too, there are reasons for hastening the realization of agency contracts. "It will, at any rate, prevent the installment expansion of the scope of entrance by banks" (person related to trusts), so there is the intention of co-opting regional banks in advance by agency contracts. Concerning the problem of the scope of entrance by the banks themselves, they cannot get used to restriction by law. There is also a strong consciousness that to the trust industry it is also important "not to create a fait accompli of entrance by banks themselves" (high ranking trust bank).

The interest of regional banks is concentrated on how much know-how and commissions can be obtained through trust agents.

But regional banks also have the opinion that trust banks will "only use regional banks as arms and legs," by using agency business in mediation of deals. It seems likely that there will still be complications before agency contracts become a reality.

City Banks Have Still More Difficulties

Entrance into trust business by city banks is accompanied by still greater difficulties than for regional banks. Winding though it may be, the path for entrance by regional banks is open, but city banks may enter only by subsidiaries. Such things as money trusts are excluded from the business scope of even these subsidiaries, so entrance has little appeal. An executive of a certain city bank says, half in jest, "I wonder if they would not allow agency contracts, for example, to us too."

Of course, legally, city banks and regional banks are both "ordinary banks," so it is difficult to make a distinction. The Ministry of Finance is scheduled to set up that distinction by ministerial regulations and public notices, but "there is little legal basis" (person in charge of planning for a city bank). In that sense, the question surrounding entrance into trusts is not so simple as saying that the trust industry "succeeded in preventing entrance." The view has also surfaced that "albeit narrow, the path of combined operation of trusts by city banks remains open" (city bank executive), with limited entrance by regional banks as the opportunity.

Regional Bank Entrance Into Trust Business

	Permitted Scope of Business	Problem Areas
Bank proper	Land trusts, charitable trusts, etc.	Debate between regional banks and trust banks concerning the scope of "etc."
Subsidiary	Business excluding such cash trusts as loan trusts and pension trusts	Cost is high for regional banks
Agency	Prospects for all trust business	Negotiations between regional banks and trust banks in progress concerning such things as business scope and commissions
Cooperation	All trust business	Only middleman business from regional banks to trust banks

[3 Jul p 7]

[Text] **MOF Administration Reaching a Turning Point**

There is "verbal guidance" which has survived for as long as 17 years. It is the "three-bureau guidance" which the Banking Bureau, Securities Bureau, and International Finance Bureau of the MOF decided on in 1975. Its content is that when a Japanese company issues foreign bonds, the overseas local securities corporation of a bank cannot be a more senior underwriter than the overseas local corporation of a securities firm. This limits the overseas development of securities business by banks, which have great influence on Japanese companies, and protects the business base of securities firms.

Three-Bureau Guidance, Too, Is Headed for Reconsideration

Establishment of securities subsidiaries by banks became possible with passage of the system reform law. Since, within Japan, it recognizes banks entering securities business through subsidiaries, and extols promotion of competition, the meaning of special handling for overseas local corporations affiliated with Japanese banks in the underwriting of bonds will begin to diminish.

Therefore, the MOF's Banking Bureau stresses that "abolition" of three-bureau guidance "is the trend of the times." The Securities Bureau, too, which has frowned on abolition, points out that "one must make tight" the firewalls between overseas local corporations and the domestic headquarters, but it does recognize the necessity for reconsideration. A conclusion is expected to be reached as early as this year.

Reconsideration of the guidance naturally also has the aim of making administration more transparent, but the aspect of realizing reform of the financial system having forced the reconsideration is also great. There is a possibility that system reform will become a chance to change the MOF's financial administration, which was inclined to tilt toward industry protection.

In mid-June the Insurance Council, an advisory body to the minister of finance, compiled a report on reform of the insurance system which would greatly deregulate insurance business. The main point is such things as entrance into each other's business by insurance, bank, and securities subsidiaries. The work of revising laws for reform of the insurance system remains to be done, so the outlook is for it to start in FY95, about two years behind reform of the financial system. Administration of insurance, in which uniform products, dividends, and insurance-fee rates were determined by MOF approval, and in which the tone of industry protection was stronger than with banks or securities firms, will also reach a turning point.

But it does not mean that administration of the "MOF family" of banks, securities firms, and insurance companies will change overnight.

A Brake on Early Expansion

"We were done in by the banks." Looking at the report of the Insurance Council, an executive of a certain life insurance company scowled. Initially, insurance industry circles requested that the dealing in public bonds and underwriting of foreign-currency denomination loans and corporate bonds at which banks are now trying their hand be permitted to them as business. They were seeking to also have the ban lifted on the issuing of commercial paper (CP) as a means of raising funds. They say that even the original draft of the report, which the MOF showed industry circles in secret, clearly set forth the direction of approving a broad range of new business.

But in the completed report, the passage "it is appropriate to ascertain in a prudent manner such things as the ability of each company to execute the business," was inserted in the approval of underwriting of corporate bonds and dealing in public bonds, so it put a brake on early expansion of the scope of business. In regard to the issuing of CP, too, a conclusion was put off, saying "it is necessary that further study be conducted concerning such things as the influence it will exert on the financial system."

The insurance industry says "the result of a fierce rollback by the banks is that room was made for MOF discretion," showing dissatisfaction. On the other hand, there are some who place "trust" in the ministry, saying "the authorities will not do things badly" (trust bank).

There is also the view that "even if we call it system reform, in the final analysis it is a battle over the vested interests of each industry" (city bank). The administrative posture of the MOF, which makes allowances for the will of industry circles and searches for pitfalls, is apt to lack consideration toward users.

As before, there are many gray areas in the future image of financial-system reform. It is arranged that the business of brokering stock will not be permitted for the securities subsidiaries of banks "for the time being," but how long does "for the time being" last? Even if we take the business range of trust bank subsidiaries, it is not clear how far it gives consideration to the trust industry, and what business it permits to entrants from other businesses. Just as an MOF executive says "the expressions of industry circles will change after this," the gain and loss of each industry will be determined by the way in which future ministerial and government ordinances are decided.

To Reform People and Orgnizations

In the June executive personnel shift, the Banking Bureau welcomed as its new chief Nobuyuki Teramura, who has long experience in the Budget Bureau, and the Securities Bureau welcomed as its new chief Tadashi Ogawa, who will be serving in the Securities Bureau for the first time. Furthermore, by inauguration of the Securities and Exchange Surveillance Commission and the Secretariat Finance Inspection Department, the inspection sector which had directly supervised the industry will move outside.

How will the MOF, which has reshuffled its personnel and reformed its organization change its posture toward industry, and how will it develop financial administration directed toward users and investors? There are many stages of which the true merit is questioned, such as reform of the financial and insurance systems, three-bureau guidance, and the question of review of fixed-amount postal savings.

[Box, p 7]

Regulations and Practices That Are Tasks for Study as One Link in Reform of the Financial System

1. Introduction of medium-and-long-term deposits with a deposit term of more than three years
2. Introduction of variable-interest savings accounts
3. Diversification of such things as the term for redemption for bank debentures
4. Such diversification of trust products as short-term trusts of less than one year
5. Abolition of three-bureau guidance
6. Improvement of marketability of medium-term government bond funds

7. Diversification of such things as the redemption term for corporate bonds
8. Diversification of asset-guarantee securities
9. Such activation of the corporate-bond issue market as reconsideration of regulation of issuing limits
[end box]

Mongolia

ADB Official Conditions Future Financial Aid

OW0209185092 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1458 GMT 2 Sep 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, September 2 (MONTSAME)—USd [U.S. dollar] 300 million would be given to Mongolia on favourable conditions in three years for carrying out economic reforms, informed the Asian Development Bank Vice-President V. Thomson in an interview published in the ARDYN ERH newspaper.

The vice president said that he has discussed the assistance programme for the next three years with the Mongolian Government. He said that the loans would be used mainly for developing the country's economic infrastructure and technical assistance.

V. Thomson noted that, in his opinion, Mongolia's economy faces difficult times, but the Mongolian Government determination to continue economic reforms raises hopes. He also said that if planned projects would be fulfilled results will be seen in two years.

Latest Foreign Trade Figures Reported

OW0209184592 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1458 GMT 2 Sep 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, September 2 (MONTSAME)—The State Statistical Bureau reports the country's foreign trade turnover accounts 345.6 mln [million] in seven months of this year. The export was 167 mln, while import 179 mln. Imports from the former socialist countries has fallen from 84 to 49 percent and exports from 92 to 74 percent, compared to the relevant period last year.

The international finance organizations and donor countries granted 39 mln loans and supplied 27 mln worth goods, which is equal to 37 percent of the whole import.

The bureau reports about the tendency of exports to decrease, especially of sheepskin, leather and wool production. At the same time the country reduces imports of sugar, flour, rice, textiles, reports the bureau.

Committee on Poverty, Unemployment Established

OW0209184792 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1458 GMT 2 Sep 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, September 2 (MONTSAME)—The Mongolian Trade Unions formed the Committee on Poverty and Unemployment Affairs under aegis of the Federation of Trade Unions.

This step was dictated by growing unemployment rate and further worsening of living standards as economic crisis deepens.

According to official sources there are more than 50,000 people without jobs. Other sources say this number is more than 80,000.

The Ulaanbaatar City Council reports that about 30 percent of the city population lives below poverty line set up by the government.

MONTSAME Publishes Press Reviews

1 Sep

OW0109194592 Ulaanbaatar MONTSAME in English to Bakhtar Kabul 1645 GMT 1 Sep 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, September 1 (MONTSAME)—The official ARDYN ERH newspaper publishes an interview with the minister of education timed to the academic year start.

N. Ulzyihutag, the minister, said the government has took all measures to ensure normal functioning of secondary schools and institutes of the country. He noted that repair works at a number of schools are not completed yet, however, and there are difficulties with textbooks. The main problem is shortage of teachers, especially in rural areas, said the minister.

The minister noted that this year would be decisive for the country's educational system, for new methods and principles are introduced. As an example he pointed out that almost third of students are paying fees for study, and that students allowances would be given only to whose with excellent marks.

The newspaper informs members of the government met with heads of province local governments and discussed measures needed to implement the law on administrative unit and local governments.

Prime Minister P. Jasrai has noted at the meeting that the deepening economic crisis is connected with collapse of the former Soviet Union and the eastern bloc, the major trade partners of Mongolia, and transition from the administrative command system to market economy. He also pointed out that the another reason for the crisis is serious weakening of government control within the country, and urgent, resolute measures are necessary to improve the situation.

The General Prosecutor of Mongolia G. Bahdal [name as received] informed at the meeting of the State Rehabilitation Commission that more than 16,000 victims of political repressions of [word indistinct] were rehabilitated since the commission was formed, while about 20,000 cases are not still considered. He said that it is necessary to speed up procedures.

The newspaper carries an interview with former Deputy Chairman of the Parliament K. Zardyhan [name as received], who said that in his opinion, democracy in Mongolia is at embryonic stage. He also expressed his regret for the recent parliamentary elections, which "put an end to the real parliament", where all main parties and political forces were represented. He stressed in the social sphere the country has slipped below the 1990's level.

The army's INDEPENDENCE newspaper publishes an interview with the General-Lieutenant Sh. Jadambaa, minister of defence, who stated that the National Army would be reorganized into professional army with a " mixed composition".

He also noted the national security should be ensured by political means, therefore, strengthening of mutual understanding and trust with the two neighbouring and other countries is essential.

The newspaper reports that the commander-in-chief of the USA military forces in the Pacific Ocean Region Admiral Larsen paid recently a visit to Mongolia.

2 Sep

OW0209190892 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1458 GMT 2 Sep 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, September 2 (MONTSAME)—The ARDYN ERH newspaper publishes the message of President P. Ochirbat to participants of the 10th conference of Non-Aligned Movement member countries heads in Jakarta. In his message he expresses confidence in successful outcome of the forum, which would define the ways if implementing the basic principles of the movement under new realities. President also notes Mongolia's commitment to active participation in the Non-Aligned Movement.

USd [U.S. dollars] 300 million would be given to Mongolia in three years on favorable conditions from the Asian Development Bank, reports the newspaper, referring to the bank vice president V. Thomson, visiting the country now.

The newspaper informs that the state Ih Hural decided to introduce corrections to the current state budget because of inflation and currency rates change. The parliament also instructed the government to strengthen the control over tax collection.

An article dedicated to the 75th birthday anniversary of Mongolian Writer Ch. Lodoidamba, who is well known for his Roman 'Transparent Waves of Tamir River,' included into the classics of Mongolian literature.

The government TRIBUNE WEEKLY focuses public attention on problems of harvest collecting, publishing articles on the prime minister visit to Selenge Province.

The weekly carries an article by the former Prime Minister D, Byambasuren titled "The State System of Mongolia and the Idea of Renaissance," in which he follows the traditions of state authority in connection with the national revival issue.

The Democratic Party organ ARDCHILAL [title as received] newspaper reports about "one thousand heads cattle festive" held in Hentei Province. The festival was organized by D. Majig, a cattlebreeder who owns more than 1000 animals. The newspaper stresses that this festival is the first of such kind held after 50 years break.

The newspaper continues to publish materials concerning the role of the Mongolian Peoples Revolutionary Party in political repressions of 30s. The newspaper calls to give a free access to archives of the former Public Security Ministry.